UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
Vienna International Centre, P.O. Box 300, 1400 Vienna, Austria
Tel: (+43-1) 26026-0 · www.unido.org · unido@unido.org

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INDUSTRIAL DEVELOPMENT STRAT[illegible]Y AND P[illegible]LICIES: THE EXPERIENCE OF G[illegible]YANA SINCE 1950*

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* [illegible] was prepared for the United Nations Industrial Development Organization [illegible] A. [illegible] Augustin, [illegible] Planning Officer, Ministry of Economic Development, [illegible] of Guyana. The views expressed are those of the author and do not [illegible] reflect the views of UNIDO. Except where the author quotes from [illegible] publications of the Government of [illegible], the views do not necessarily [illegible] those of the Government.

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Introduction

Industrial development in Guyana over the past two decades should be viewed in two broad historical phases: the pre-independence and the post-independence (after 1966) period. During the period of internal self-government (195[illegible]-1964), the Government was allowed some scope in charting a national industrial strategy and in introducing the concomitant policies, although it was still subject to the over-all surveillance of the Colonial Office in London. It was not until full independence was achieved that national strategies and policies intended to promote a balanced development of the economy began to take shape.

These political factors influenced not only the pace of industrial development but also its pattern, particularly in terms of the structure of domestic production and the composition and direction of foreign trade. As domestic production was dominated mainly by a few industries (sugar, bauxite, rice, timber and fisheries) that were controlled largely by expatriate firms,[1/] the main exports were composed chiefly of these products and were shipped to the countries where the parent companies were located (sugar mainly to the United Kingdom, bauxite to Canada and the United States of America, and shrimp to the United States and Japan). The

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1/ In 1972, the major foreign-owned bauxite company (the Canadian Demerara Bauxite Company Limited) was nationalized. The cultivation of rice, timber logging and sawmilling have traditionally been in the hands of nationals.

principal sources of imports were these same countries. Not only were machinery and equipment brought in for their overseas enterprises, but great quantities of food, clothing, consumer durables and other manufactures were also imported to fill the gap in domestic production resulting from the lack of sufficient industries and of a diversified economy.

Although the pattern of industrial development during the first 15 years and particularly the first decade under review has not fully changed, the post-independence policies represent deliberate steps towards re-structuring the economy by diversification and greater national control of the country's natural resources.

CHAPTER 1

PRECONDITIONS FOR INDUSTRIALISATION

A. THE MARKET

1.1. The market is no doubt an important precondition for industrialisation. Very often, the size of the domestic market, in terms of the number of consumers, is taken as the main criterion for judging, *ceteris paribus*, the pace and scope of industrialisation. The level of income and the structure of income-distribution are also very important determinants of the size of the market, particularly in terms of effective demand. Moreover, one should also consider the type of product and its nature in order to assess its full sales-turnover which for some products may assume a greater importance than the actual number of purchasers or consumers. In this regard, the industrial production practice of "planned obsolescence" has contributed to a wider market in terms of sales-turnover over a given period of time, particularly for consumer durables. In looking at the size of the domestic market, one should therefore take into consideration these factors.

1.2. On the basis of Table 1.1 below, it has been calculated that between 1952 and 1960, national income rose at an annual average of 3.4%. Population, on the other hand, increased at an annual average of 3.4% and thus the average national income per caput remained unchanged, in spite of annual fluctuations over the period.[1]

[1] Cf. Gyanchand, The Report on the Three Year Plan, 1964-1966 - Volume of Basic Statistics, Government Printery, Georgetown, Guyana, 1963, Table I (3).

TABLE 1.1: NATIONAL INCOME SERIES, 1952-1960

YEAR	NATIONAL INCOME (CURRENT PRICES) B.W.I.$Mn.[1]	NATIONAL INCOME (1952 CONSTANT PRICES) B.W.I.$Mn.	NET INCOME PER CAPITA (1959 CONSTANT PRICES) B.W.I. $	PER CAPITA INCOME INDEX (1952 = 100)
1952	145.3	145.0	339	100.0
1953	160.1	160.0	359	105.9
1954	176.2	169.0	374	110.3
1955	175.6	164.0	341	100.6
1956	190.1	174.0	356	105.0
1957	198.8	179.0	352	103.8
1958	191.5	174.0	347	102.4
1959	195.7	173.0	338	99.7
1960	212.3	185.0	371	108.4

Source: Gyanchand, op. cit.

1.3. With the use of income tax returns on chargeable income, a rough indicator could be provided on the distribution of income among different income groups classified as follows:-

$1 - $1,200 per annum - lower income group.
$1,201 - $6,000 per annum - middle income group.
$6,001 - exceeding $10,800 per annum - upper income group.

Since the income classifications are based on chargeable income, i.e. after allowing for the deduction of income tax allowances, they do not therefore reflect fully expenditure based on disposable

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[1] B.W.I. $1 = G$1.

income (after income taxation) and hence welfare benefits. Further data on net disposable incomes are not available.

1.4. In spite of these unknown quantities, the available data show the following trends during the 1950's:-

(i) the lower income group provided the least percentage contribution to the number of assessments made (44.4% in 1953 and 41.4% in 1959 as against 43.1% in 1953 and 42.2% in 1959 for the middle income group and 12.6% in 1953 and 16.4% in 1959 for the upper income group);

(ii) the percentages of total chargeable income according to income groups were, during the period, the smallest for the lower income group (17.2% in 1953 and 14.3% in 1959 as against 43.2% in 1953 and 37.7% in 1959 for the middle income group and 39.6% in 1953 and 38.0% in 1959 for the upper income group).

TABLE 1.2: DISTRIBUTION OF INCOME AMONG DIFFERENT INCOME GROUPS[1/]

Percentages (No. of Assesses)

INCOME GROUP	1953	1954	1955	1956	1957	1958	1959
G$1 - $1,200	44.4	43.8	42.9	42.4	42.1	42.1	41.4
1,201 - 3,600	31.1	31.4	31.1	32.0	31.2	30.1	29.6
3,601 - 6,000	12.0	12.3	12.4	12.9	12.8	12.8	12.6
6,001 - 8,400	5.2	5.4	5.8	5.9	5.8	5.9	6.1
8,401 - 10,800	3.1	2.7	2.9	2.7	2.8	3.0	3.2
Exceeding 10,800	4.3	4.4	4.9	4.1	5.3	6.2	7.1

[1/] Based upon Income Tax Returns 1953-60; chargeable income for the years 1953 - 1959.

Source: Gyanchand, op. cit.

1.5. These trends have shown the main features of the level of income and income-distribution:

(i) the percentages for both the number of assessments and the total chargeable income for the lower income group decreased generally over the period, i.e. from [illegible] in 1953 to 41.4 in 1959 and [illegible] in the former year to 14.3 in the latter year respectively;

(ii) for the middle income group, whereas the percentage of assessments decreased slightly from 43.1 in 1953 to 42.2 in 1959, the percentage of total chargeable income decreased even greater from 43.2 in 1953 to 37.7 in 1959; and

(iii) for the upper income group whereas the percentage number of assessments increased from 12.6 in 1953 to 16.4 in 1959, the percentage of total chargeable income decreased slightly from 39.6 in 1953 to 38.0 in 1959. In this group, however, it is interesting to note that for the top income bracket (incomes exceeding G$10,800 per annum) both the percentages of the number of assessments and the total chargeable income increased considerably over the period.

Taking into account the imponderable influence of tax evasion, the efficiency of tax collection and greater tax allowances, particularly for the lower and middle income groups, one could roughly conclude that possible decreases in the income-earning capacities of both the lower and middle income groups occurred during the 1950's.[1] The upper

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[1] Using the Consumer Price Index as a deflator with 1952 prices, Gyenchand (op. cit.) has concluded that the national income per caput remained virtually unchanged between 1952-1960.

income group, on the other hand, seemed to have increased its income-earning capacity. Unfortunately, similar data for the sixties and seventies are not available.

1.6. In terms of the market for manufactured goods therefore, one can conclude from the limited evidence available that, on the consumption side, the poor income-distribution and the almost static income-earning capacity of the low and middle income groups no doubt dampened the growth of some existing industries and the establishment of new ones in spite of the rapid growth in population (aver. annual of 3.1%) between 1950 - 1960.

1.7. The increase in the number of persons actively employed in the economy between 1960-1972 (see Table 4) and the deliberate governmental policies[1/] to change the pattern of income-distribution have increased the earning capacities of the bulk of consumers, particularly in the lower and middle income groups and thus enhanced the potential for the expansion of some existing industries and the establishment of new ones. Moreover, with the coming into effect of the Caribbean Free Trade Area (now the Caribbean Common Market and Community), domestic industries have been afforded a wider market (about 4.5mn. persons).

1.8. Another factor which limited the establishment of new industries during the colonialist era and which, because of its

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[1/] Through the promotion of co-operatives, greater self-employment as a result of increased training and more consumption of locally produced items which have been protected by quantitative restrictions on similar imports.

strong influence on the structure and pattern of industrialisation in the past, has left its visible marks on the economy today, is what has been described as the process of "modernization" which adopts new patterns of consumption corresponding to higher levels of income without any real development.[1] One of the effects of this process, has been the high import propensity to satisfy not only the demand for consumers' durables by the middle and upper income groups but also some items of processed foodstuffs for the lower income group. During the 1950's, the value of imports of Manufactured Goods and Miscellaneous Manufactured Articles as a percentage of the total value of annual imports averaged about thirty-five per cent per annum. If one includes the imports of manufactured chemicals, animal and vegetable oils and fats, and beverage and tobacco, this figure would amount to nearly 90%.

1.9. The heavy importation, mainly from the United Kingdom, of these items, some of which could have been manufactured locally from domestic raw materials, limited the establishment of industries which could have produced similar products. The values of imports from the United Kingdom as percentages of total imports between 1952 and 1959 were 41.4%, 48.7%, 47.0%, 47.7%, 42.5%, 44.1%, 46.1% and 45.2% for each respective year. The "maximisation of static comparative advantages in foreign trade"[2] by the colonialists, including the

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[1] Cf. Furtado, C., "The Brazilian Model" in Social and Economic Studies, Vol. 22, No. 1, March 1973, Institute of Social and Economic Research, University of the West Indies, Mona, Jamaica, pp. 123 - 125.

[2] Furtado, C., ibid.

foreign-owned commercial banks which extended generous credit to importers, stiffled the growth of manufacturing industries.

1.10. During the colonialist era, the small manufacturing industries (laundry soap, edible oil, garments, furniture, matches) which were established by local entrepreneurship and finance did not pose any serious competitive threat to foreign imports of a similar nature, but the fact that these commodities were imported, limited the extent to which the domestic industries, with their comparatively higher costs of production due mainly to the lack of economies of scale, could have expanded. Moreover, the policy of the foreign-owned commercial banks in extending easy credit for financing of imports of consumers' durables and for hire purchase of these imports, formed part of the strategy of maximisation of static comparative advantages in foreign trade which was detrimental to the establishment and/or growth of local manufacturing industries producing such items even from local materials.

1.11. The small size of the market not only in terms of the number of consumers but also in terms of sales-turnover has no doubt limited the growth of the manufacturing sector. Because of these factors, newly established industries, particularly in the colonialist era, were unable to enjoy the full benefits of the economies of scale; their relatively higher unit costs of production made it difficult for them to compete with imports and thus expand their sales.

B. TRANSPORT

1.12. With the concentration of industries in the capital city, the transport and communication system (particularly roads and telecommunications) in Georgetown was somewhat well developed to serve this main market. Access to other parts of the country was however confined to those areas which were served by roads and railways (mainly along the coastal strip) and, to a more limited extent (particularly in the hinterland areas), by air and water services.

1.13. Between 1954 and 1959, Government's development expenditure on transport and communications totalled G$18.6mn. (17.9% of Government's total development expenditure for the period). Between 1960 to 1964, the amount fell to G$8.1mn. (10.3% of total development expenditure for the period.[1] With the high expenditure on roads, telecommunication and hinterland airstrips between 1965 and 1972, the transport and communications system[2] was greatly improved not only along the coastal strip where the population concentration is greatest but also in the remote hinterland areas. One effect of this development in the late 1960's and early 1970's has been the establishment of new light industries outside of the capital city but still mainly in the coastal region.

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[1] Guyana Development Programme (1966-72), Government Printery, Georgetown, Guyana, 1966, p. 1 - 5.

[2] Between 1965-72, Government's expenditure on Transport and Communications totalled G$94.9mn. (28.4% of Government's total development expenditure for the period).

1.14. Manufacturing industries have taken advantage of these recent developments in the transport and communication system and therefore have a faster and wider distribution of their products.

1.15. With the notable exception of the precious stones (gold and diamond) industries, timber and edible oil, existing transportation difficulties, mainly in the form of adequate preservation facilities, have limited the exploitation of local raw materials (particularly agricultural products for the agro-based industries) and the wider location of industries throughout the country.

C. POWER and WATER

1.16. The adequate supplies of electricity and water particularly in the capital city were factors which contributed to the concentration of light industries in Georgetown.

1.17. During the early fifties, the limited supplies of electric power in areas remote from Georgetown but along the coast, led to the establishment of small private generating plants particularly for the sugar and rice industries. In the hinterland areas, private plants were also established to serve the bauxite industry at Linden and Kwakwani, the now defunct manganese industry at Matthews' Ridge in the North West area, and at Tumatumari for gold mining.

1.18. Table 1.3 shows the adequacy of generated power in meeting the rising demand.

TABLE 1.3: SUPPLY AND CONSUMPTION OF ELECTRIC POWER, 1958-1970

oooKw.h.

PERIOD	TOTAL GENERATED 1/	CONSUMPTION		
		RESIDENTIAL	COMMERCIAL AND INDUSTRIAL	OTHER
1958	67,164	20,314	37,314	2,389
1959	73,411	21,402	42,194	2,412
1960	87,960	23,279	53,281	2,444
1961	95,777	25,435	58,506	2,897
1962	105,497	27,446	66,106	2,620
1963	101,373	27,940	60,847	3,103
1964	170,646	24,540	130,231	4,450
1965	199,326	30,788	151,675	4,523
1966	220,327	37,218	165,783	4,678
1967	240,347	41,050	180,218	4,470
1968	266,652	47,137	197,385	4,816
1969	292,230	50,431	216,980	4,568
1970	322,642	53,137	244,516	7,354

1/ Consumption does not equal Total Generated because of loss in transmission.

Note: Figures do not include electricity generated on Sugar Estates or by small private plants.

Source: Statistical Bureau Records, Georgetown, Guyana, 1970.

1.19. In 1971, the total installed capacity in the country was just over 122 Mw,1/ broken down as follows:-

TABLE 1.4: LOCATION, OWNERSHIP AND GENERATING CAPACITY, 1971.

LOCATION	OWNER	FREQUENCY CYCLES	INSTALLED CAPACITY (MW)
Demerara (Coastal)	Guyana Elec. Corp.	50	45.0
Berbice (Coastal)	do.	50	0.885
Essequibo Coast (Coastal)	do.	50	0.86
Bartica (Hinterland)	do.	50	0.314
Linden (Hinterland)	Guyana Bauxite Co.	60	31.0
Everton (Coastal)	Reynolds Bauxite Co.	60	4.5
New Amsterdam (Second Largest Town)	Municipality	60	4.5
Matthews' Ridge (Hinterland)	Government	50	3.469
Port Kaituma (Hinterland)	Government	50	0.418
Sugar Mills (Coastal)	Private	50	30.0
Kwakwani (Hinterland)	Reynolds Bauxite Co.	60	2.7
Tumatumari (Hydro) (Hinterland)	Government	60	1.9
Tiperu (Hinterland)	do.	-	0.675

Source: Draft Second Development Plan, 1972-76, ibid., p. 305.

1/ Draft Second Development Plan, 1972-76, Ministry of Economic Development, Georgetown, Guyana, 1973, p. 305.

Between 1965 and 1972, the Government's capital expenditure on electric power and water supply totalled G$20.0mn, of which G$7.7mn. was spent on the former and G$12.3mn. on the latter.

1.20. The expansion of both electric power and pure water supply services, particularly from 1965 and mainly along the coastal belt, assisted the spread of light industries away from Georgetown and further along the coast between 1966 and 1972.

D. INDUSTRIAL SITES

1.21. During the 1950's and early 1960's, no industrial estate was established. However, in 1966 and in 1970, two industrial estates were set up by the Government through its industrial promotion agency, the Guyana Development Corporation. The first and larger of the two estates was established (in 1966) at Ruimveldt, about three miles from the city-centre but within the Greater Georgetown area. The site[1] covers an area of about twenty-five (25) acres and has been developed with first-class roads, water and electricity. The Government constructed some factory buildings which were rented out to private enterprises. Other buildings have been constructed by private firms on the developed land leased from the Government. In 1973, there were about twelve industrial enterprises (which include the manufacture of furniture, paper-bags, paints, printing, food-processing, garments, biscuits and confectionery) located on this estate.

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[1] The cost of developing the site has been estimated at G$0.7mn. Buildings constructed by the Government cost an extra G$0.3mn.

1.22. The Ruimveldt Estate is at the moment utilised to about eighty per cent (80%) of its capacity. With the rapid location of industries on this estate, the area will be fully utilised within a year.

1.23. The other estate built in 1970 by the Government at a cost of about G$0.1mn. covers an area of just under an acre and is located at Buxton, about ten miles from Georgetown, on the east coast of the Demerara river. The estate originally consisted of one large building, shared by a co-operative garment factory and a privately-owned plant manufacturing plastic products. The rapid expansion of the garment factory occasioned the need for a new building which was constructed on the estate in 1971. The buildings are rented by the Government to these enterprises. Electricity, water and drainage facilities have been provided by Government on the site which is served by a first-class road leading to the city and other coastal areas away from the city.

E. LOCAL RAW MATERIALS

1.24. If we exclude the processing of the main export agricultural products (sugar and rice), the bulk of the new investment in the manufacturing sector during the 1950's was in enterprises whose main inputs were imported, e.g., pharmaceuticals, garments, plastic products, oxygen, printing, aerated waters, edible fats (lard and margarine), and cigarettes.

1.25. Other new industries which were established (or expanded production) in the fifties but whose investment was on a relatively smaller scale, did however utilise local raw materials. Such enterprises were chiefly edible oil (from copra), furniture, jewellery (from local gold and diamonds), laundry soap (mainly from the by-product of the edible oil plants), rum and matches.

1.26. In the sixties, greater use was made of locally produced agricultural products, particularly for the agro-based industries, and of local straws, clay, hides and bones for the production of hats, handbags, pottery and ornaments mainly on a cottage industry basis. However, the trend which was observed in the fifties with respect to imported inputs for new light industries, continues.

1.27. Imported supplies for the new enterprises were not restricted by import regulations, eventhough with the introduction of the earlier policy of import-substitution and then import-replacement, manufacturing enterprises are only allowed to import those inputs for which there is no local substitute or replacement.

1.28. The latter policy of import-replacement is more positive than that of import-substitution, since it takes into account the functional use of local materials and not an identical replacement which may not be available locally. The classic example of this policy being the use of cassava flour (manufactured from locally grown cassava) as a fluctuant in the bauxite industry as against wheat flour (produced from imported wheat).

F. HUMAN SKILLS

1.29. There is insufficient data to show the full extent to which there was a shortage of human skills in the 1950's. However, when one looks at the limited data available, one could conclude that there was a lack of human skills in the 1950's and that that inadequacy did act as a constraint on industrialisation.

1.30. The 1956 Survey on Employment, Unemployment and Under-employment[1] and a study by Kundu[2] are the two main sources of statistical data for the 1950's. Eventhough the Survey is specifically with respect to the year 1956 and Kundu's data relate to the latter part of the 1950's, nevertheless one could, by the application of these data assume a general trend for the 1950's, and more so since the main features of the 1950's continued during the 1960's and to date.

1.31. The lack of adequate vocational training and the orientation of the educational system mainly towards the "classics" contributed to the shortage of skilled manpower in all the fields required for industrialisation, but more particularly in the engineering and management fields. Several school-leavers were unable to obtain jobs because of inadequate vocational and technical training. On the basis of the Survey, it has been pointed out that:

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[1] Report to the Government of British Guiana on Employment, Unemployment and Underemployment in the Colony in 1956, I.L.O. Geneva, 1957.

[2] Kundu, A., "The Economy of British Guiana: 1960-1975 (A long-term projection)" in Social and Economic Studies, University of West Indies, Mona, Jamaica.

"The item 'never worked' ...... indicates new entrants to the labour force and is comprised of about 8,000 people under the age of 21 years, mostly school-leavers, and some 1,500 women of the 21 - 40 years age group."[1]

1.32. In 1956, the labour force in the manufacturing sector was 19,200 of which 17,400 were employed and 1800 unemployed (9.5% of labour force). Factory employment in that year was 12,000 (6,800 skilled and 5,200 unskilled). The number of factory unemployment was 2,300 (1,400 skilled and 900 unskilled), of which the percentages to the labour force were 17.2 for skilled workers and 14.8 for unskilled workers. The percentages of unemployed to the labour force for Managers and Executives (as a whole) and Professional Workers (as a whole) were 3.3 and 9.6 respectively in 1956.

1.33. From these figures, one could conclude that the high percentage of unemployable skilled workers was partly due to the lack of adequate training for existing vacancies and that the low percentages of unemployed managers, executives and professional workers were due mainly to the scarcities in these fields. Eventhough, from a survey of employment in some of the main industries [sugar milling, rice milling, bauxite and saw milling (timber)] between 1956-1960, it has been pointed out that:

> "It seems that all the above industries are employing fewer people recently although the outputs have not fallen to that extent."[2]

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[1] Kundu, A., op. cit. p. 320.

[2] Kundu, A., op. cit., p. 320.

1.34. On the qualitative side of this problem of the lack of adequate skills, it has been pointed out that:

"Certain subjects become prestige subjects; the teaching of Latin in a school placed that school in the category of acceptable secondary establishments. Certain subjects were taboo, an academic education did not in the prototype include practical subjects...... This psychological repulsion from vocational education and training is beginning to break down in the field of technical education ...., but little change has been observed in attitudes towards pre-vocational education generally ..." 1/

1.35. The Report also commented on the problem of the lack of skills as a constraint to industrialisation:

"In our talks with representatives of different industrial and commercial enterprises constantly we heard complaints of educational attainments in British Guiana not meeting the requirements of a modernizing economy ...., too many young people were entering the labour market without a proper sense of the smooth functioning of the production process, and, in turn, for greater diversification of skills.." 2/

1.36. The Survey of Manpower Requirements and the Labour Force which was carried out in 1965, 3/ showed that there were still shortages

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1/ Report of the UNESCO Educational Survey Mission to British Guiana Germanacos Report), Government Printery, Georgetown, 1963, p. 15.

2/ The Germanacos Report, ibid, p. 22.

3/ Cf. Francis, O.J.C., Survey of Manpower Requirements and the Labour Force, British Guiana, Ministry of Labour and Social Security, Georgetown, Guyana, 1965.

of skilled manpower in spite of the tremendous efforts made by both the government and private enterprises in the training of personnel in the critically required skills. In the Survey, Francis looked at the manpower requirements "not only in terms of the manpower shortages as measured by actual and potential number of vacancies, but also the level of performance of ..... occupied workers". 1/

1.37. According to the Survey, the larger size establishments (those which employed 100 - 399 persons) suffered the greatest from the lack of skilled labour as a factor affecting expansion. Table 1.5 demonstrates.

1/ Francis, O.J.C., op. cit., p. 62.

TABLE 1.5: LACK OF SKILLED LABOUR AS A FACTOR AFFECTING EXPANSION

(% of Establishments in Each Size Group)

SIZE OF ESTABLISHMENTS	ALL ESTABLISHMENTS		LACK OF SKILLED LABOUR [a]	
	NO.	%	GEORGETOWN	OTHER AREAS
EMPLOYING:				
5-9 persons	176	100	9.1	2.9
10-14 "	96	100	7.3	4.8
15-19 "	52	100	5.8	3.4
20-49 "	107	100	3.7	5.6
50-99 "	41	100	4.9	-
100-399 "	22	100	13.6	18.8
400+ .	3	100	-	5.0

a/ Other Factors Affecting Expansion and making up the 100% are Insufficient Market for Products, Lack of Market Facilities, Lack of Finance, Shortage of Raw Material, Shortage of Plant Equipment, Laws or Regulations affecting Business, Other Reasons and Not Stated. Only the percentages for Lack of Skilled Labour are given in the above table.

Source: Francis, O.J.C., op. cit., pp. 88 and 89.

1.38. An interesting feature of the problem of the lack of skilled manpower was the situation whereby several "small" establishments were unable to obtain and/or retain skilled personnel because of their attraction to larger establishments which paid higher wages.[1]

1.39. The establishment of new training institutes and the expansion of new ones during the 1960's assisted in alleviating the shortage of skilled manpower. The government expanded the training facilities at the Georgetown Technical Institute to accommodate a greater number of trainees particularly in the engineering, electrical and machinery fields and at the skilled worker and foreman levels. The government also established in Georgetown a new technical training institute (the Guyana Industrial Training College) mainly for training of artisans. Other government training centres were set up in areas outside of the capital city: a Vocational Training Centre at Anna Regina and a Technical Institute at New Amsterdam. The bauxite and sugar firms, the Demerara Foundry, Sprostons Foundry and the government owned Transport and Harbours Department also established training centres or introduced training courses for their employees. The efforts by the private sector to overcome the shortage of skilled manpower during the 1960's could be summarised as follows:

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[1] Cf. Francis, O.J.C., op. cit. p. 94.

"It is obvious that both the sugar and bauxite industries are making serious efforts to provide a source of properly trained technicians from which replacements and craftsmen to facilitate expansion may be drawn. There appears to be a limited amount of planned training in saw-milling, repair of motor vehicles and boat building establishments but the extent in others (manufacturing enterprises) almost approaches zero." 1/

1.40. The shortage of engineers, accountants and managers still exist, perhaps even more so today than in the 1950's and 1960's, because of the higher level of investment and the greater emphasis on industrial development in government's strategies. Dealing with the critical shortage of skilled manpower, the current Development Plan, 1972-76 pointed out that in 1970:

"In the professional grades, vacancies were as high as 8% of professional people employed. Of these, the most critical shortages were among .... technical teachers, engineers of various types, accountants, geologists, ... statisticians ...... agronomists and architects". 2/

1.41. The Plan estimates that over the period 1972-76, the Manufacturing Sector would need an extra 4,200 craftsmen and technicians; 200 professional and specialised workers; 400 administrative, executive and supervisory workers; 8,400 clerical and sales workers, and 4,800 unskilled and service workers.

1/ Francis, O.J.C., op. cit., p. 74.

2/ Draft Development Plan, 1972-76, p. 156.

1.42. The shortage of accountants, managers and technologists has been somewhat alleviated by training at the University of Guyana. Greater emphasis is now being placed on the training of such personnel. In the field of management training, a Management Training Centre will soon be established at the University. The teaching of management techniques and accountancy at the newly established Kuru Kuru Co-operative College will also assist in filling the gap, particularly among co-operatives and small enterprises.

G. <u>AVAILABLE FINANCING</u>

1.43. There are indications that during the 1950's, there were adequate financial resources for the establishment of new industrial industries. In the first instance, the commercial banks provided funds for investment. An analysis of the balance sheets of the commercial banks shows that whereas in 1952 they provided to industry 15.4% of their total loans and advances, by 1960 the percentage had risen to 25.9. Table 1.6 indicates the annual amounts and percentages of loans and advances given by the commercial banks to industry between 1952 - 1960.

TABLE 1.6: LOANS AND ADVANCES BY COMMERCIAL BANKS TO INDUSTRY, 1952-1960

YEAR	TOTAL LOANS AND ADVANCES (G$M.)	INDUSTRY (G$M.)	INDUSTRY AS % OF TOTAL
1952	6.5	1.0	15.4
1953	9.3	4.3	46.2
1954	11.0	6.1	55.5
1955	12.8	7.1	55.5
1956	14.0	7.8	55.7
1957	15.7	8.1	51.6
1958	21.5	12.0	55.8
1959	22.3	7.3	32.7
1960	32.8	8.5	25.9

Source: Thomas, C.Y., Central Planning Division, ref. file No. P.U. 9/62.

1.44. During the 1960's, in spite of the continuous increase[1] in the total loans and advances granted by the commercial banks, the percentage to the manufacturing sector decreased rapidly; the peak levels between 1953 to 1958 were never again achieved since the decline started in 1959. In 1972, the percentage of total loans and advances granted to the manufacturing sector, which included

[1] Excluding the years 1961-1964, when total loans and advances for each year dropped below the 1960 level.

the financing of the traditional export crops of sugar and rice, had dwindled to 17.0.

TABLE 1.7: LOANS AND ADVANCES[1] BY COMMERCIAL BANKS TO THE MANUFACTURING SECTOR, 1965-1972

YEAR	TOTAL (G$M.)	MANUFACTURING (G$M.)	MANUFACTURING AS % OF TOTAL
1965	48.1	9.9	20.6
1966	53.6	13.7	25.6
1967	52.5	10.6	20.2
1968	65.2	10.5	16.1
1969	78.3	13.5	17.2
1970	94.0	18.1	19.3
1971	97.6	17.7	18.1
1972	96.4	16.4	17.0

Source: Statistical Bureau, Statistical Abstract of Guyana, 1970, p. 237, and Quarterly Review of Financial Statistics, March 1972 (pp. 12 and 14) and December 1972 (pp. 12 and 14).

1.45. The floating of equity capital on the local market has also provided another source of funds for industrial investment. It has been pointed out that over the period 1952-1964, out of thirty five companies established, "six of them were floated as public limited liability companies. The remaining 29, representing a little over 80 per cent were private limited liability companies accounting for about

1/ [illegible]

G$6.0mn. of the total authorised equity capital".[1]

1.46. An interesting feature of this type of financing was the successful response by local subscribers to the securities. In one case, Banks Breweries Ltd., the authorised share capital was over one million dollars (i.e. G$1.5mn.), and as was pointed out:

> "The resounding technical and financial success of the brewery has paved the way for other public stock sales, by B.G's (Br. Guiana's) margarine factory (Sterling Products Ltd.), plyboard factory (now defunct) and (recently announced) the long established cigarette factory".[2]

1.47. The ploughing back of profits did also contribute to the expansion of some enterprises eventhough the exact amount of re-invested profits cannot be ascertained, particularly for the small family concerns and the medium size enterprises. The annual reports of some of the large concerns have however stated that in some years share-holders either accepted a deferment in payments of dividends or agreed to reduced dividends with the balance being re-invested for expansion.

1.48. In spite of the noticeable availability of finance for the manufacturing sector as a whole, two outstanding features of the trends during the 1950's and 1960's should be noted. Firstly, financing of sugar and rice processing constantly absorbed an appreciable proportion

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1/ Goring, S.A., Industrial Development in British Guiana, Guyana Development Corp., Georgetown, Guyana, 1966, p. 19.

2/ Tenenbaum, E.A., Industry for Br. Guiana, Sessional Paper No. 3/1960, Legislative Council, Br. Guiana, p. 12.

of the total. Secondly, small enterprises and cottage industries did not benefit much from the finance available, particularly through the commercial banks whose lending policies and conditions (especially collateral) of loans did not encourage the expansion of this section of the manufacturing sector.

1.49. A survey made by Francis[1/] in 1965 of the factors affecting the expansion of establishments, has brought out clearly the latter feature. Table 1.8 demonstrates.

TABLE 1.8: LACK OF FINANCE AS A FACTOR AFFECTING EXPANSION (% of Establishments in Each Size Group)

SIZE OF ESTABLISHMENTS	ALL ESTABLISHMENTS		LACK OF FINANCE AS A FACTOR AFFECTING EXPANSION [a/]	
	NO.	%	GEORGETOWN	OTHER AREAS
EMPLOYING:			(%)	(%)
5-9 persons	176	100	33.5	43.5
10-14 "	96	100	37.5	55.9
15-19 "	52	100	19.2	20.7
20-49 "	107	100	14.0	27.8
50-99 "	41	100	7.3	21.4
100-399 "	22	100	9.1	18.8
400+ "	3	100	-	-

[a/] Other factors taken into account were Insufficient Markets, Lack of Market Facilities, Shortage of Raw Material, Lack of Skilled Labour, Shortage of Plant Equipment, Laws or Regulations, Other Reasons and Not stated. Only the percentages for the Lack of Finance are given in the above table.

Source: Francis, O.J.C., op. cit., pp. 88 and 89.

[1/] Francis, O.J.C., op. cit.

1.50. The table shows that in 1965, the lack of finance was the greatest factor which affected the expansion of small enterprises (those employing between 5-14 persons).

1.51. The establishment of the Guyana Credit Corporation in 1954 was intended, inter alia, to bridge the gap in financing of small enterprises. As has been pointed out:

> "Many of the applications received (by the Corporation) were for the establishment of small manufacturing concerns. Most of these have very inadequate, tangible security to repay the loans in the event of defaulting. In other cases, there were new entrants with very little expertise for running an enterprise both on the organisational and technical side." 1/

However, in spite of the financial resources provided by the Corporation, it did not really make an impact in the manufacturing sector, and particularly for the small manufacturers, mainly because of the lack of supervised credit and technical and managerial assistance which were so highly desirable by such small and inexperienced entrepreneurs.

1.52. Between 1952-1962, the Corporation disbursed G$3.5mn. to industry. The figures for the period 1962-1972 are given in Table 1.9.

1/ Goring, S.A., op. cit. p. 24. Moreover, Kundu in his article "The Economy of British Guiana: 1960-1975 (A Long-term Projection)", refers to the paradox whereby domestic savings were invested abroad because domestic capital was too fragmented to exploit the local natural resources and there was no scope for investment in small manufacturing industries. This paradox was however due mainly to a lack of positive domestic policies at that time in controlling the outflow of domestic savings and in adumbrating the path of industrialisation.

TABLE [illegible]. LOANS TO INDUSTRY B[illegible] CREDIT CORPORATION, 1962-1972

YEAR	TOTAL LOANS (G$Mn.)	LOANS TO INDUSTRY (G$M.)	COLUMN (3) AS % OF COLUMN (2)
(1)	(2)	(3)	
1962	[illegible]	[illegible]	25.0
1963	0.8	0.[illegible]	12.5
1964	4.2	0.2	4.8
1965	0.9	0.1	11.1
1966	2.5	0.4	16.0
1967	1.5	0.2	13.3
1968	1.2	0.2	16.7
1969	2.1	0.4	19.1
1970	2.6	0.4	15.4
1971	1.2	0.08	6.7
1972	0.8	0.3	37.5

Source: Statistical Bureau, Annual Statistical Abstract, 1970, p. 241, and Quarterly Review of Financial Statistics, December, 1972, pp. 21 and 23.

1.53. The establishment of a Private Investment Fund[1] (contributed to jointly by the Government and a foreign aid donor) in the late 1960's, also provided a source of funds for purchase of machinery and equipment. See Table 1.10 for list of disbursements according to types of manufacturing enterprise.

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[1] The Fund only provides for loans between a minimum of G$0.04m. and a maximum of G$0.4mn. Thus smaller enterprises, particularly the cottage type, were excluded from borrowing because of lower capital requirements. Moreover, the foreign aid-donor's portion of the Fund could only be used for purchase of machinery and equipment from that country.

TABLE 1. 10: LOANS BY TYPES GRANTED TO INDUSTRY BY THE PRIVATE INVESTMENT FUND, 1967 - 1972

TYPE	NO. ENTERPRISES	1967 (G$m.)	1968 (G$m.)	1969 (G$m.)	1970 (G$m.)	1971 (G$m.)	1972 (G$m.)
SHRIMPING	6	Nil	0.5	0.07	Nil	0.2	0.08
FLOUR (WHEAT) MILLING	1	Nil	0.4	Nil	Nil	Nil	Nil
RICE MILLING	3	Nil	0.2	0.1	Nil	Nil	Nil
GARMENTS	3	Nil	0.1	0.025	Nil	0.05	Nil
INDUSTRIAL GASES	1	Nil	Nil	0.2	Nil	Nil	Nil
MATCHES	1	Nil	Nil	0.3	Nil	Nil	Nil
STOCKFEEDS	1	Nil	Nil	Nil	0.04	Nil	Nil
MANUFACTURE of BEDS	1	Nil	0.2	Nil	Nil	Nil	Nil
AERATED BEVERAGES	1	Nil	Nil	Nil	0.4	Nil	Nil
GRAMOPHONE RECORDS	1	Nil	Nil	Nil	0.06	Nil	Nil
EDIBLE OIL	1	Nil	Nil	Nil	0.3	Nil	Nil
FOOD PROCESSING	1	Nil	Nil	Nil	0.1	Nil	Nil
SAW MILLING	1	Nil	Nil	Nil	Nil	Nil	0.3
ICE MANUFACTURE	1	Nil	Nil	Nil	Nil	Nil	0.2
BISCUIT MANUFACTURE	1	Nil	Nil	Nil	Nil	0.5	Nil
BUILDING MATERIALS	2	Nil	Nil	Nil	Nil	0.3	Nil

Source: Guyana Development Corporation.

The Guyana National Co-operative Bank did also form a new source of funds, particularly for co-operative and small enterprises, when it came into operation in 1970. Direct foreign investment also made a small contribution to the expansion of the manufacturing sector in recent years. A sum of about G$2.0m.[1] has been given for the years 1964 and 1965.

1.54. Importation of machinery and equipment was, throughout the period, free from any form of quantitative restrictions even though such importations were subjected to exchange control regulations which did not present any serious obstacles to importers.

H. ENTREPRENEURIAL INITIATIVE

1.55. In view of the small manufacturing base (excluding bauxite mining and sugar processing), there was, during the 1950's, a limited supply of local entrepreneurs who could have used their initiative in starting new manufacturing enterprises. The entrepreneurial initiative therefore came mainly from outside the country (e.g. Bookers Ltd. in the fields of pharmaceuticals, printing and alcoholic beverages, British-American Tobacco Co. in the manufacture of cigarettes, Berger (U.K.) Paints Ltd. for paints, Bata Ltd. for footwear), eventhough a small group of local entrepreneurs which existed in the 1950's and expanded in the 1960's did contribute to the growth and diversification of the manufacturing sector.

1/ Goring, S.A., op. cit., p. 61.

1.56. In the earlier period under review, the local entrepreneurs had accummulated capital mainly through commerce (as commission agents for imports and through the distributive trades). These entrepreneurs were the ones who branched off into the larger manufacturing enterprises (breweries, margarine, garments, edible oil, furniture, matches, biscuits, confectionery and curry powder). In rice processing (investment in rice mills), entrepreneurs had accummulated savings from rice farming, small retail shops in the rural areas and exorbitant interest charges on loans to rice farmers and other borrowers. In one case (the manufacture of ice-cream cones), a small entreprenuer had accummulated capital for his new business from a taxi service. The establishment of a plant manufacturing nails was on the initiative of a family concern of building contractors. A few skilled workers did also use their personal savings which were accummulated from salaries and wages to establish small manufacturing enterprises (plastics, welding electrodes and metal furniture). In recent years, the pooling of financial resources into co-operative manufacturing ventures has been a noticeable new feature of the manufacturing sector.

1.57. In spite of the widening of the entrepreneurial base, particularly among the smaller private enterprises and co-operatives, nevertheless the bulk of the investment in the manufacturing sector is still concentrated among the large and medium size firms.

1.56. Government's policies on co-operative and lending to small enterprises are intended to restructure this distribution and strengthen the lower base. Moreover, the "need for achievement"[1] and the "demonstration effects" of successful small enterprises are also important psychological factors which have motivated the new crop of entrepreneurs.

[1] Cf. Lewis, A., Presidential Address to the Third Annual Meeting of the Board of Governors of the Caribbean Development Bank in Jamaica, April, 1973.

Mc. Clelland, D.C., "Achievement Motivation can be Developed" in Harvard Business Review, Vol. XLIII. No. 6, Nov. - Dec. 1965.

Mc. Clelland, D.C., The Achieving Society, Princeton University Press, 1961.

CHAPTER II

INDUSTRIALIZATION ACHIEVEMENTS IN THE PERIOD 1950 - 1972

A. A BRIEF REVIEW

2.1. Table 1. (Annex A.) lists some of the major industrial enterprises which were established between 1950 - 1972. The list excludes fixed investment undertaken by the bauxite, sugar and rice industries; investment for processing in the latter two industries being normally included in the Manufacturing Sector of the Gross Domestic Product (G.D.P.). Moreover, the list covers a cross-section of large, medium and small size enterprises.

2.2. Throughout the period under review, the manufacture of sugar, rice, rum, bauxite, gold and diamonds, timber, pharmaceuticals, cigarettes, matches, margarine, laundry soap and edible oil contributed to the bulk (over 50%) of industrial production.[1] In spite of the establishment of new manufacturing enterprises (brewery, garments, canning and processing of fruits and vegetables, footwear, furniture, detergents, confectioneries, etc.), particularly during the late 1950's in the 1960's and in the 1970's, nevertheless their total contribution to industrial production was still less than fifty per cent (50%) mainly because of their relatively small investments and because the traditional manufacturing enterprises also generally expanded their capital investments and production at a higher level.

[1] Kundu, A., op. cit., estimated that in 1960 the production and processing of sugar, rice, coconuts, timber, bauxite, gold and diamonds accounted for about 70% of the total industrial production.

2.3. The pattern of industrial development over the last twenty years has concentrated on the establishment of enterprises producing consumers' goods (non-durables and durables). The processing of calcined bauxite and alumina (solely for exports), and the manufacture of timber, stones, domestic and industrial gases, chemicals and stockfeeds have continued over the period to be the main intermediate goods produced, even though more recently there has been some diversification in the production of this type of manufactured goods with the establishment of enterprises manufacturing wire nails, welding electrodes, chain-link fencing and metallic paints. With the exception of ship-building, foundry works and the manufacture of small agricultural implements, there has been an almost complete absence of manufacturing enterprises producing capital goods.

2.4. The finished products of several of the enterprises have been based on locally produced raw materials, even though there is still much scope for greater backward and forward linkages in the industrialisation process.

2.5. Sugar and rice processing, the manufacture of rum and other alcoholic beverages (blended with local industrial spirits), the processing and canning of fruits and vegetables and the production of confectioneries, edible oil and fats are the main non-durable consumers' goods enterprises which have utilised local materials for their main inputs. The livestock industry has also supplied meats for the production of ham, bacon and pickled pork and beef; fresh milk is pasteurized at a local plant. The processing of shrimp and fish is also an important non-durable, even though most of the shrimp is exported and there is no local canning of this product. A small amount of locally produced tobacco is used for pipe smoking and in the manufacture of cigarettes. The production of matches is also dependent on locally made wooden sticks.

2.6. The manufacture of wooden furniture is the main consumer durable industry; it has obtained the bulk of its raw material from the local timber industry. The jewellery industry, which is widely established on a small-scale basis, is highly dependent on the domestic production of gold and diamonds. Leather and leather products, handicrafts (from local woods, horn, straws, shells, etc.), and pottery (from local clays) are small miscellaneous manufactures which are produced mainly by co-operatives and on a cottage-industry basis, and for which there is tremendous scope for greater production not only in terms of the domestic market but also for exports.

2.7. With the exception of bauxite, timber, stones and sand, most of the intermediate goods (e.g. domestic and industrial gases, wire nails, welding electrodes, chain-link fencing, metallic paints and stockfeeds) rely heavily on the importation of their basic raw material inputs. For example, in the case of one of the enterprises producing paints, in 1970, the value of imported inputs was 63.6% of the value of its total sales; for chain-link fencing and accummulators, the percentage was 75; for stockfeeds 68.5 and for domestic and industrial gases 23.3 (See Table 1 Annex A). Even though the extent to which the [illegible] were brought forward and [illegible] "carried over" in st[illegible] not known. [illegible] the available [illegible] show the heavy dependence [illegible] these [illegible] industries on imported raw materials.

[illegible]. Timber, [illegible] and [illegible] are the main [illegible]-based industries which supply the construction and housing sectors. There are adequate domestic quantities of stones and sand which are not imported. The local timber industry supplies over ninety per cent (90%) of the total domestic consumption of wood in the housing sector and all the hardwoods for engineering and construction (sea and river defence, wharves and other marine works and foundation piles). The bulk of the intermediate goods and raw materials for the construction and housing sectors is however still obtained from abroad.

2.9. Table 2.1 gives the quantities and values of some of the main materials imported between 1953 and 1972. The list does not include such other important items as iron and steel and machinery and equipment. Given the factor-endowment of the country some of these imported materials could have been produced locally (e.g. aluminium sheets from alumina and glass from sand) for domestic consumption and exports, had there been a more positive effort in the 1950's and 1960's to develop the heavy-based industries with the concommitant backward and forward linkages.

TABLE 2.[illegible]. IMPORTS OF BUILDING MATERIALS, 1953-1972

PERIOD	CEMENT		GALVANISED and ALUMINIUM SHEETS		HARD BOARD		PAINT and PAINT COMPONENTS		WINDOW GLASS		N[illegible]	
	QUANTITY (ooo cwt)	VALUE (G$ooo)	QUANTITY (ooo cwt)	VALUE (G$ooo)	QUANTITY	VALUE (G$ooo)	QUANTITY (ooo lb)	VALUE (G$ooo)	QUANTITY (ooo lb)	VALUE ([illegible])	QUANTITY (ooo cwt)	V[illegible]
1953	206	522	26	575	N.A.	71	1,603	695	4[illegible]	45	[illegible]	[illegible]
1954	299	771	55	1,175	N.A.	89	1,972	834	535	53	[illegible]	[illegible]
1955	487	1,036	83	1,690	N.A.	189	2,683	1,143	552?	98	[illegible]	[illegible]
1956	518	1,324	36	931	N.A.	169	2,617	1,137	[illegible]	109	[illegible]	[illegible]
1957	638	1,731	68	1,492	N.A.	321	3,056	1,496	990	132?	[illegible]	[illegible]
1958	554	1,583	34	902	N.A.	239	2,578	1,256	950?	[illegible]	[illegible]	[illegible]
1959	643	1,539?	60	1,187	N.A.	206	2,494	1,204	1,208?	[illegible]	[illegible]	[illegible]
1960	683	1,532?	96	1,947	N.A.	232	3,096	1,671	1,137?	[illegible]	[illegible]	[illegible]
1961	705	1,564	100	1,543	N.A.	252	2,254?	1,196	[illegible]	17[illegible]	[illegible]	[illegible]
1962	513	973	49	1,099	N.A.	179	2,154	1,143	574?	[illegible]	[illegible]	[illegible]
1963	544?	743?	69	1,211	N.A.	229	2,508	1,095?	[illegible]	[illegible]	[illegible]	[illegible]
1964	484	833?	46	1,224	N.A.	398	1,976	1,043	54[illegible]	[illegible]	[illegible]	[illegible]
1965	600	1,182	32	2,000	N.A.	477	2,400	1,227	1,[illegible]	[illegible]	[illegible]	[illegible]
1966	1,037?	1,944	79	1,608	N.A.	613	2,688	1,369	1,239?	[illegible]	[illegible]	[illegible]
1967	1,603?	1,379	99	1,895	N.A.	586	2,999?	1,334	1,4[illegible]	[illegible]	[illegible]	[illegible]
1968	1,205	2,281	24	1,249	N.A.	1,377	3,231	1,521?	1,521	[illegible]	[illegible]	[illegible]
1969	[illegible]	2,495	164	3,294	N.A.	1,141	3,516	1,432	944	[illegible]	[illegible]	[illegible]
1970	[illegible]	2,109	101?	2,305	N.A.	1,151	3,712?	1,706	1,157	196	[illegible]	[illegible]
1971	[illegible]	2,362?	71	1,419	N.A.	1,761	3,643	1,970?	501?	[illegible]	[illegible]	[illegible]
1972	[illegible]	2,524?	68?	1,388	N.A.	1,692	3,557	2,[illegible]	1,840	[illegible]	[illegible]	[illegible]

Source: Statistical Bureau, Quarterly Statistical Digest, Sept. 1959 (p. 14), Dec. [illegible], Annual Statistical Abstract, 1970, p. 25?, and Statistical Worksheets.

2.10. Most of the new industries established over the last twenty years have concentrated on supplying the domestic market. The traditional export industries (sugar, rice, bauxite, precious stones, rum, timber, shrimp and molasses) have supplied the local demand for some of these commodities almost completely. Small quantities of refined and icing sugar were imported until 1972, when their importation was prohibited. The rice industry has fully supplied the domestic demand for this commodity, and so has been the case of rum, eventhough small quantities, imported from the Caribbean Common Market (CARICOM), are now sold on the local market. Over ninety per cent (90%) of the domestic consumption of timber has been supplied by the local industry. The entire production of calcined bauxite and alumina is exported.

2.11. There is no available estimate which shows the proportion of total domestic production to total domestic consumption in the manufacturing sector. However, in spite of the growth of the manufacturing sector over the past twenty years, the proportion of its contribution to total domestic demand is still low (probably in the vicinity of about 20% in 1970).1/

1/ See Table 2.2. for a sample list of total domestic production and total domestic consumption of some items of manufactured goods for the years 1960 and 1970.

TABLE 2.2: DOMESTIC SUPPLY OF SOME MANUFACTURING INDUSTRIES IN MEETING DOMESTIC DEMAND,[1] 1960 and 1970

1960

COMMODITY (1)	DOMESTIC PRODUCTION (2)	UNIT (3)	DOMESTIC DEMAND (4)	COLUMN 2 AS % OF COLUMN 4 (5)
		(000)		
BEER	874	liq. glns.	963	90.7
STOUT	Nil	do.	127	0[2]
MARGARINE	1,670	lbs.	1,850	90.3
LARD	N.A.	-	N.A.	-
EDIBLE OIL	682	glns	1,134	60.1
WHEAT FLOUR	Nil	tons	27	0[2]
CIGARETTES	743	lbs.	759	97.9
MATCHES	190	gross boxes	152	125[3]
FOOTWEAR	Nil	doz. pairs	116	0[2]
BISCUITS	N.A.	-	N.A.	-
CONFECTIONERY	N.A.	-	N.A.	-

1970

COMMODITY (1)	DOMESTIC PRODUCTION (2)	UNIT (3)	DOMESTIC DEMAND (4)	COLUMN 2 AS % OF COLUMN 4 (5)
		(000)		
BEER	1,433	Liq. glns.	1,47[illegible]	[illegible]
STOUT	31	do.	[illegible]	[illegible]
MARGARINE	1,975	lbs.	[illegible]	[illegible]
LARD	341	lbs.	[illegible]	[illegible]
EDIBLE OIL	895	glns.	[illegible]	[illegible]
WHEAT FLOUR	30	tons	[illegible]	[illegible]
CIGARETTES	909	lbs.	944	[illegible]
MATCHES	213	gross bxs.	[illegible]	[illegible]
FOOTWEAR	174	doz. [illegible]	[illegible]	[illegible]
BISCUITS	6,90[illegible]	[illegible]	[illegible]	[illegible]
CONFECTIONERY	[illegible]	[illegible]	[illegible]	[illegible]

[1] Calculated on the basis of $P + I_m - X - X_r$ where P = Domestic production; I_m = imports; X = exports [illegible]

[2] Domestic Demand met entirely by imports.

[3] Surplus Production exported.

Source: Statistical Bureau, Statistical Records.

... [illegible] such change [illegible] this proportion contribution since 196[illegible] if we assume that in that year the figure was probably just [illegible]. The percentages of the value of imports of manufactured goods [illegible] and [illegible] the total value of imports have increased steadily [illegible], having risen from 24.[illegible] (G$1[illegible]m) in 1965 to 32.4 (G$4[illegible].[illegible]m) in 19[illegible] and to 3[illegible].3 (G$91.9m) in 1970. The figures for other sections (Food, Beverages and Tobacco, Animal and Vegetable Oils and Fats, and Chemicals) which cover some of the industries under the manufacturing sector (for purposes of G.D.P. computation), show an almost similar trend, and hence the weak response, particularly by the consumer durable, capital and intermediate goods industries, by this sector to the increasing demand for manufactured goods.[1]

2.13. Excluding the traditional export industries[2] (bauxite, sugar, rice, rum, timber, molasses and shrimp), throughout the period under review the exports of pharmaceuticals, stockfeeds, manufactured wooden products (shingles, boxes and crates), matches and garments have together made the greatest contribution to the value of exported manufactured goods.[1]

2.14. Since the 1950's, the export of pharmaceuticals has been the largest item in this group of manufactured exports. However, over the period as a whole, the export of garments has made the most spectacular increase; the value of export of this commodity having increased by over a thousand per cent between 1964 and 1970.

[1] See Table 3 of Annex A.

[2] The definition of industries in this case goes beyond that for purposes of G.D.P. computation and classification, where bauxite is included under Mining and Quarrying, shrimp processing under Fishery and pharmaceuticals under Chemicals.

2.15. There is no available data on the proportion of total national manufacturing output which is exported. However, in view of the facts that most of the manufacturing enterprises have concentrated on supplying only the domestic market and that only a few firms export any appreciate quantities of their production, the proportion is very small (probably no more than 10%). Table 2.3 shows the proportion of domestic production exported, in 1960 and 1970, for some manufactured goods.

2.16. Most of the manufacturing enterprises have exported some quantity of their production to the Caribbean Free Trade Area (CARIFTA).[1] However, with the exception of the pharmaceutical, timber, rice, matches and garment industries, manufacturing firms have not made full use of the preferential free-trade market. This failure has been due to several factors. In the first instance, several of the manufacturing enterprises were satisfied with the level of sales on the domestic market, eventhough in some cases they operated far below (at about 60%) of their full plant capacities. Secondly, for some firms, they had to undergo a gestation period during which they expanded their plant capacities in order to increase their production to cover the CARIFTA market. Thirdly, several of the new manufacturing industries established since 1965 had to compete with similar industries which were established in some of the other CARIFTA territories (particularly Trinidad and Tobago and Jamaica) as long as a

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[1] On August 1st 1973, the four independent member territories (Guyana, Trinidad and Tobago, Jamaica and Barbados) formed the Caribbean Common Market and Community (CARICOM).

TABLE 2.3: PROPORTION OF DOMESTIC PRODUCTION EXPORTED FOR SOME MANUFACTURED GOODS, 1960 and 1970

1960					1970				
COMMODITY (1)	UNIT	DOMESTIC PRODUCTION (2)	EXPORTS (3)	COLUMN 3 AS % OF COLUMN 2. (4)	COMMODITY (1)	UNIT	DOMESTIC PRODUCTION (2)	EXPORTS (3)	COLUMN 3 AS % OF COLUMN 2. (4)
MARGARINE	lbs.	1,670,000	13,353	0.80	MARGARINE	lbs.	1,975,000	13,400	.68
LARD	-	N.A.	N.A.	N.A.	LARD	lbs.	341,000	22,800	6.69
EDIBLE OIL	glns.	682,000	Nil.	-	EDIBLE OIL	glns.	895,000	Nil	-
CIGARETTES	lbs.	743,000	154	0.02	CIGARETTES	lbs.	909,000	168	0.02
MATCHES	gross boxes	190,000	37,900	19.95	MATCHES	gross boxes	213,000	N.A.	N.A.
STOCKFEEDS	lbs.	N.A.	N.A.	-	STOCKFEEDS	lbs.	48,063,000	5,365,300	11.18
FOOTWEAR	dox. pairs	-	FACTORY NOT ESTD.	-	FOOTWEAR	doz. pairs	174,000	7,900	4.54
BISCUITS	lbs.	N.A.	N.A.	-	BISCUITS	lbs.	6,908,000	38,500	0.56
CONFECTIONERIES	lbs.	N.A.	N.A.	-	CONFECTIONERIES	lbs.	904,000	193,300	21.38
PAINTS	glns.	-	FACTORY NOT ESTD.	-	PAINTS	glns.	165,000	2,900	1.76

Source: Statistical Bureau, Statistical Records and Trade Returns.

decade before. Consequently, their competitors had acquired better technology and technological skills and moreover, because of their larger home markets, had lower unit costs of production. Fourthly, restrictive business practices by some of the foreign multi-national corporations prevented their subsidiary in a territory from exporting to another territory where they had already established a plant. As a result, domestic production was confined to the home market. Fifthly, until the introduction of the CARICOM Agreement which provides, inter alia, for regional quantitative restrictions against extra-regional imports, intra-regional export markets have been adversely affected by imports from extra-regional sources, particularly from the developed countries.

2.17 Most manufacturing enterprises have exported their products to all the territories[1] forming the sub-regional market. The free trade agreement (CARIFTA) governs the flow of trade among the four independent member territories and the eight dependent territories. The Common Market and Community Agreement[2] is however, at the moment, only subscribed to by the four independent territories. Basically, both agreements extend preferential treatment to those goods produced within the region and which qualify for "area treatment" on the basis of a fifty percent (50%) local value-added. For the less-developed territories (LDC's), i.e. the non-independent countries, the local value-added per centage is lower.

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[1] Besides the four CARICOM countries mentioned-above, the other CARIFTA territories are Grenada, Belize, Montserrat, Antigua, St. Lucia, St. Vincent, St. Kitts/Nevis/Anguilla and Dominica.

[2] Cf. Caribbean Secretariat, From CARIFTA to Common Market, Georgetown, Guyana, 1973.

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INDUSTRIAL DEVELOPMENT

Table of Annex A gives the composition of the Gross Domestic ... at current factor cost for the years 195..., 1960 and 1966.

... In 1950, the Manufacturing sector's ... G.D.P. was G$... .0mn., which represented 16.5% of the ... year, the contributions of the other sectors were: Agriculture G$32.0m. (24.4%); Mining and Quarrying G$1 .0m. (9.6%), and Other Sectors[1] (mainly Distribution, Government, Construction, Transport and Rent of Dwellings) G$6?.4m. (49.9%).

2.21. In 1960, eventhough the Manufacturing sector increased its value-added contribution (to G$27.2mn.) to the G.D.P., nevertheless its proportion of the G.DP. was less (10.4%) in that year than it was in 1950. All the other sectors not only increased their value-added but also their percentage contributions to the G.D.P. The Agriculture sector's contribution went up to G$68.8m (26.2%); Mining and Quarrying to G$29.1m. (11.1%);

[1] Construction, Distribution, Transport, Finance and Insurance, Professions, Catering, Personal Service and Entertainment, Rent of Dwellings and Government.

[illegible] the Other [illegible]ctors to G$[illegible] ([illegible]).

2.22. In 1970, the percentage contribution of the Manufacturing sector increased above that of 1[illegible] to [illegible], [illegible] value-added al[illegible] increased to G$[illegible]7.0m. The per[illegible] of the Agri[illegible] sector decreased to [illegible]9.3%, eventhough its value-added increased to [illegible]. Mining and Quarrying increased both in value-added (to G$95.[illegible]m.) and [illegible] its percentage contribution (to 20.4%), while the other sectors showed a decrease in their percentage contribution (48.1%), but an increase in their value-added (G$224.8).

2.23. It is important to note certain features of the development of the Manufacturing sector mainly because of its composition which includes the processing of two major agricultural crops - sugar and rice, the processing of Food and Tobacco, and Other Manufacturing which includes electric power.

2.24. First, with sugar and rice processing contributing substantially to this sector (48.9% in 1960; 33.2% in 1970; and 34.7% in 1972), fluctuations in the production of the raw material inputs (included in the Agriculture Sector) have had similar influences on the Manufacturing sector's contribution to G.D.P. Secondly, the sector's increased percentage contribution (though marginal) to G.D.P. between 1950 and 1972 - in spite of the decrease in the percentage contributions of sugar and rice processing - was due mainly to the spectacular growth in value-added of food and tobacco processing (which increased by 222.8% between 1960 and 1970) and of other manufactures (which increased by 140.2% over the same period) such as pharmaceuticals, garments, plastic products, industrial gases, clay and cement blocks, paints, metal and wooden furniture, nails, chain-link fencing, accumulators, etc. (See Table 1 of Annex A). Thirdly, in terms of manufactured goods, the value-added contribution of OTHER MANUFACTURING should be deflated to take account of the contribution made by electric power which is included under this sub-head. In 1960, the percentage contribution of Fuel and Power to G.D.P. was 0.87%[1/] (G$2.3m.) and that of Power was 1.81% (G$9.4m.) in 1972[2/].

2.25. Taking into account these factors, the Manufacturing Sector grew at an average annual of 2.2% between 1950 and 1960, and 7.7% between 1960-1970. Over the period 1960 to 1970, whereas the average annual growth rates for sugar and rice processing were 3.1% and 5.9% respectively, that for "other manufacturing" was 10.6%.

2.26. Eventhough there is no systematic data which show the percentage contributions by enterprises of various sizes to total manufacturing output, nevertheless in looking at the structure of production one could arrive at a rough estimate of such distribution in 1950, 1960 and 1970.

1/ Kundu, A., "The Economy of Br. Guiana: 1960-1975 (A Long-term Projection)", p. 311.

2/ Development Secretariat, Ministry of Economic Development, Guyana.

2.27. In 1950, the bulk of production in the Manufacturing sector was made up by sugar and rice processing. This weight in favour of these two main industries continued throughout the 1960s and 1970s, eventhough to a decreasing extent, due mainly to the growth of industries classified under "other manufacturing".

2.28. The following table gives the output of some of the major manufacturing industries in 1953.

TABLE 2.4: OUTPUT OF SOME MAJOR MANUFACTURING INDUSTRIES IN 1953

COMMODITY	UNIT	OUTPUT
SUGAR	ooo long tons	241.0
RICE	"	66.0
EDIBLE OIL	"	2.2[a]
SOAP (Laundry)	"	1.5
MARGARINE	"	0.013
COPRA MEAL	"	1.4

Source: O'Loughlin, C., "The Economy of Br. Guiana, 1952-56", in Social and Economic Studies, Vol. 8, No. 1, March, 1959, I.S.E.R., U.W.I., pp. 36 & 37.

2.29. The sugar factories fall within the category of larger enterprices (those employing more than 100 persons); rice is produced

[a] Converted at the rate of 1 gln. = 9 lbs.

mainly by the smaller enterprises (those employing less than 100 persons). Moreover, enterprises producing edible oil and fats, soap, aerated and alcoholic beverages and cigarettes also fell under this category. There is no available data on the production of the cottage and artisan industries (those employing less than 10 persons) and which included printing, furniture, jewellery, handicrafts and garments.

2.30. On the bases of the above classification and available limited data, one could conclude that in 1950, about seventy per cent (70%) of total manufacturing output was produced by the larger enterprises, mainly those producing sugar; about twenty-five per cent (25%) by the small enterprises, mainly rice; and less than five per cent (5%) by the cottage and artisan enterprises.

2.31. In 1960, the percentage distribution was also the same, eventhough the contributions by sugar and rice declined, mainly because of the establishment of new enterprises, particularly of the "larger" and "smaller" types, and the expansion of existing ones. Table 2.5 gives a rough indication of the changes in the levels of output of some of the major manufacturing industries.

TABLE 2.5: OUTPUT OF SOME MAJOR MANUFACTURING INDUSTRIES in 1960

COMMODITY	UNIT	OUTPUT
SUGAR	'000 long tons	334.0
RICE	"	120.0
EDIBLE OIL	"	[illegible].7[a]
SOAP (Laundry)	"	1.8
MARGARINE and LARD	"	0.08
MOLASSES	"	96.2[b]
RUM	"	12.9[b]
BEER	"	3.5
PROCESSED MILK (pasteurised)	"	2.8[b]
STOCKFEED	"	0.5
FOOD PROCESSING[c]	"	0.017

Source: Kundu, A., "The Economy of Br. Guiana", in Social and Economic Studies, U.W.I., Mona Jamaica, pp. 347-351.

[a] Converted at the rate of 1 gln. = 9 lbs

[b] Converted at the rate of 1 gln. = 10 lbs.

[c] Corn meal, plantain flour, ham, bacon, sausage.

2.32. With respect to 1970, a recent survey of forty-seven (47) major manufacturing enterprises[1] has shown that thirteen (13) enterprises each had over 100 employees; twenty seven (27) were each employing less than 100 persons, and only seven (7) each employed less than 10 persons.

2.33. Sugar output still dominates the proportion of total output for those enterprises employing more than 100 persons and rice production that of enterprises employing less than 100 persons (smaller enterprises). However, by 1970, with the marked increase in total production due mainly to the output of two new major enterprises (flour and stockfeeds)[2] each of which employed less than 100 persons in 1970 (65 and 33 respectively), the percentage contribution of the "smaller enterprises" to total output increased above that of 1960.

2.34. Moreover, the organisation of the furniture industry on a factory basis in the 1960s, rather than on the previously predominant cottage and artisan structure, contributed to the increased contribution of the "smaller enterprises" to total output.

2.35. The contribution to total output by the cottage and artisan industries (those employing less than 10 persons) increased marginally above the 1960 figure. This increase was due mainly to the establishment in the 1960s of those new enterprises producing aluminium products, electrodes, cones and nails. Increased production of garments and handicrafts also accounted for the marginal increase in the contribution of enterprises

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1/ Twenty-five of which are listed at Table 1 of Annex A. The Survey was carried out as part of the exercise of this Study.

2/ See Table 2.6.

in this category, eventhough for garments the substantial increase in output was due mainly to the "larger" and "smaller" enterprises.

2.36. On the basis of these trends, one could reasonably conclude that in 1970, the "larger" enterprises (mainly sugar, aerated and alcoholic beverages, molasses, industrial gases, cigarettes, pharmaceuticals, and garments) contributed about fifty-five per cent (55%) to total domestic output in the Manufacturing sector. The "smaller" enterprises (mainly rice, flour, stockfeeds, margarine, confectionery, edible oil, detergents, paints, furniture, matches, chain-link fencing, batteries and dyed and finished fabrics) contributed about thirty-eight per cent (38%). The "cottage and artisan" enterprises' contribution was probably about seven per cent (7%).

2.37. There is no available data on the distribution of physical output in the Manufacturing sector according to ownership, i.e., public, co-operative, private and mixed. However, in 1970, the private sector probably accounted for eighty per cent (80%) of total physical output and the public sector about eight per cent (contributed mainly by power and to a lesser extent by the processing of milk, bacon, ham and sausages and the manufacture of small quantities of stockfeed). Eventhough the co-operative sector's contribution increased, nevertheless it was small, probably about two per cent of total physical output. Available data on the value of output in 1970 show that the private sector's contribution was G$29.9mn. and that of the public sector (only power) G$8.2mn.

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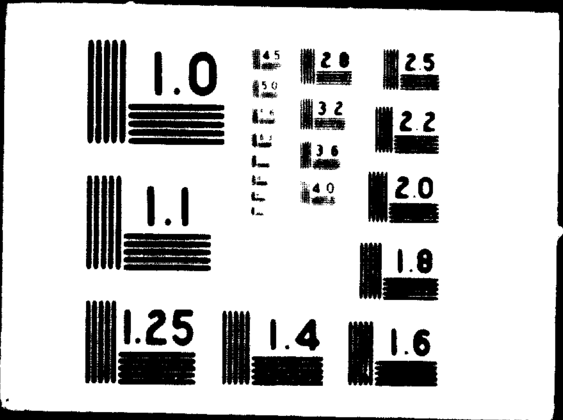

TABLE 2.6: OUTPUT OF SOME MAJOR MANUFACTURING INDUSTRIES in 1970

COMMODITY	UNIT	OUTPUT
SUGAR	000 long tons	311.0
RICE	"	142.0
EDIBLE OIL	"	3.6
SOAP (Laundry)	"	2.0
MARGARINE	"	0.9
RUM	"	14.2
BEER	"	6.4
PROCESSED MILK	"	3.2
STOCKFEED	"	21.5
FLOUR (Wheat)	"	30.0
CIGARETTES	"	0.4
MOLASSES	"	84.4

Source: Statistical Bureau, Annual Statistical Abstract, 1970, p. 293, and Statistical Records.

2.38. Table 4 of Annex A gives the number of persons actively employed in the economy for the years 1946, 1960, 1970 and 1972. In 1946, just over twenty-three thousand persons (15.9% of total employment) were employed in the Manufacturing sector. In 1960, the sector's contribution to total employment increased to 16.3% with slightly over twenty-seven thousand persons being employed. In 1970, both the number employed in the sector and its percentage contribution to total employment decreased below the 1960 levels to twenty-four thousand and 14.8% respectively. In 1972, however, these figures increased to 28,400 and 15.3% respectively.

2.39. Throughout the period 1950-1972, the processing of sugar retained the position of being the largest single employer of labour, in spite of the increases in employment in the rice, other food processing and other manufacturing industries. In 1970, employment in sugar processing accounted for about 32% of total employment in the Manufacturing sector. Taking into account the level of employment in the other "larger enterprises", one could conclude that in that year, these enterprises provided employment for about fifty per cent (50%) of the total number of persons employed in the Manufacturing sector. The numerous "smaller enterprises" probably accounted for about forty per cent (40%), and the "cottage and artisan" enterprises about 10%.

2.40. The private enterprises employed the greatest number of people in the Manufacturing sector. In 1970, these enterprises provided about 90% of total employment in Manufacturing. The government and co-operative sectors' contributions totalled about 10% (mainly power).

2.41. Over the past twenty years, available data show an increase in manufacturing enterprises. The data are not on a continuous annual series or on the same bases. In one case, the number of manufacturing enterprises has been given for the period 1952 to October 1964, as a whole and on the basis of the nominal share capital of the enterprises concerned.[1] On the other hand, the number of manufacturing enterprises has been given on the basis of their size as measured by the number of employees.[2]

2.42. Accordingly, Goring estimated that for the period 1952 to October 1964, thirty five (35) companies were registered as manufacturing enterprises with the Deeds Registry. This number represented an annual average establishment of about three companies. The total nominal share capital of these companies was given as G$10mn. Between October to December 1964, the Guyana Development Corporation sponsored the establishment of sixteen manufacturing enterprises with a total fixed investment of G$2.8mn. In 1965, the number of such enterprises was twenty, with a total fixed investment of G$8.5m.[3] The sponsorships by the Corporation do not reflect the total number of manufacturing enterprises established in those years, eventhough the figures give a rough indication that there was an increase in the number of such establishments between 1950 and 1965.

2.43. Table 2.7 shows the number of manufacturing enterprises, as measured by the number of employees, in 1965 and 1969.

1/ Cf. Goring, S.A., op. cit., pp. 16 and 17.

2/ Cf. Francis, O.J.C., op. cit., and Ministry of Labour and Social Security, Report on Establishments Enquiry, Georgetown, Guyana, 1969.

3/ Goring, S.A., op. cit., p. 52.

TABLE 2.7: SIZE OF MANUFACTURING ESTABLISHMENTS AS MEASURED BY NUMBER OF EMPLOYEES

SIZE GROUP (NO. OF EMPLOYEES)	NO. OF ESTABLISHMENTS 1965	NO. OF ESTABLISHMENTS 1969
5 - 9	105	145
10 - 14	59	87
15 - 19	20	32
20 - 49	31	61
50 - 99	7	19
100 - 399	20	35
400 and over	7	5

Source: (i) O.J.C. Francis, Report on a Survey of Manpower Requirements and the Labour Force, Ministry of Labour & Social Security, Georgetown, 1965.

(ii) Ministry of Labour & Social Security, Report on Establishments Enquiry, Georgetown, Guyana, 1969.

2.44. Between those years, the number of manufacturing enterprises increased by one hundred and thirty-five (135). With the exception of those enterprises employing over 400 persons, all the other sizes of enterprises showed increases in the number of new establishments between 1965 and 1969.

CHAPTER III - THE STRATEGY OF INDUSTRIALIZATION, 1950-1972

A. SELECTION OF PRIORITY INDUSTRIES

3.1. The history of development planning in the country goes back to the first development plan of 1947-1956.[1] That plan rolled over to 1960,[2] when a five-year (1960-1964) development plan came into operation. Political independence of the country in 1966, saw the introduction of a seven-year (1966-72) plan which was revised in 1971. The current development plan covers the period 1972-1976.

3.2. The 1947-1956 development programme was concerned almost wholely with public expenditure on intra-structural facilities, agriculture and the social services. The programme did not set quantitative targets for the manufacturing sector as a whole, eventhough it did seek, on a limited basis to improve the environment for industrial development. The programme did however identify a few small industrial projects: fruit canning and milk processing plants and sawmilling for the public sector. It had also made provision for the establishment of a development corporation but with the reservation that because of the existence of two colonial overseas development corporations (Colonial Development Corporation and Barcleys Development Corporation), it might not have been necessary to set up a local one.

3.3. In fact, the local corporation (Guyana Development Corporation) was not established until the advent of political indepen-

[1] Cf. Legislative Council Papers Nos. 11/1948 and 6/1950, Papers Relating to Development Planning, Argosy Co. Ltd., Georgetown, Guyana, 1950.

[2] Based on the recommendations of an I.B.R.D. Mission.

dence in the mid - 1950s. That programme, like the one that followed (1956-1960), did not quantify targets for the manufacturing sector. Moreover, it did not identify specific manufacturing projects for the private sector. During the period 1950 to 1960, manufacturing output and the level of investment in the manufacturing sector therefore developed without any set targets.

3.4. The 1960-1964 development programme, for the first time in the country's history of development planning, introduced broad targets and priorities for industrial development.1/ The Programme projected on a macro basis (contribution to G.D.P.) and in money terms, the growth of the manufacture sector (4% per annum). However, it did not set specific quantitative targets so as to monitor the extent of implementation.

3.5. Table 3.1 shows the industrial development programme for the period 1960-1964. The industries listed and the fixed capital requirements were not contained in the published programme but instead were drawn up on the basis of recommendations made by a government-appointed Industrial Development Advisory Committee.2/ They however formed the basis of the government's industrial strategy during that period, eventhough the Berrill Report suggested that:

1/ Cf. Legislative Council, Sessional Papers No. 5/1959 and 2/1960, Development Plan 1960-1964, and the Report on the Br. Guiana Development Programme 1960-64, (Berrill Report) respectively.

2/ Reports of the Sub-Committees of the Industrial Development Advisory Committee.

TABLE 3.1: INDUSTRIAL DEVELOPMENT PROGRAMME, 1960-64

Industry	Capital required G$ th.	
1960 and 1961		
Confectionery	200	) Government might not have to provide more than 10% of the capital for these.
Jams, Jellies and Preserves ..	125	)
Containers of Glass and Pressed Ware	2,000	)
Furniture, Toys, and Turned Woods	62	
Pottery	10	
Hollow Clay Blocks and Pipes	85	
Nails	35	
Barbed Wire	20	
Cast Aluminium Pots and Pans and assembly of Metal-framed Windows	85	
Bamboo Products	90	
Anti-Rust Oil from Rice Bran..	57	
Breakfast Cereal from Paddy ..	102	
Leather goods	50	
	2,921	
1962 and 1963		
Lime from Shells	674	
Cement	1,500	
Textiles	2,500	
Bicycle Manufacture	500	
Cassava Starch	360	
Coir Products	275	
Canning of Fish	300	
	6,109	
1964		
Wheat Milling	3,000	
Iron Ore	500	Investigations
Oil	1,000	"
Hotel	3,000	
	7,500	

Total 1960-64 .... $16.5m.

Source: Berrill, K., Report on the Br. Guiana Development Programme 1960-1964, B.G. Lithographic Co., Georgetown, Guyana, p. 40.

"The Government should improve its system for assistance by technical investigations and credit, but it should not hurry into a large number of industrial projects until some of these have been successful".[1]

3.6. This far-reaching recommendation epitomises the basic philosophical approach to industrial development prior to the country's independence. That is the classical laissez-faire approach with the "demonstration effect" as the main push or stimulant to industrial development.

3.7. The 1966-1971 development programme, like previous plans, did not set quantitative targets for the manufacturing sector. However, it departed from the past laissez-faire approach to industrial development by clearly identifying the industries (and the levels of investment) to be developed. As was pointed out:

"After the years of marking time a special effort is called for from the private sector and from government to get the economy moving again. This programme does not set out targets in detail."[2]

The main industrial objective of that programme was to encourage investments so as to increase the productivity of existing industries and/or bring about an expansion of high-yielding industries. The programme

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[1] Berrill K., op. cit., p. 40.

[2] Guyana Development Programme (1966-1972), Government Printery, Georgetown, Guyana, 1966, p. III - 1.

projected an annual growth [illegible] manufacturing sector which should have risen to [illegible] by the end of [illegible] i.e. by 1972. Moreover, it listed the investment opportunities [illegible] totalling G$62.7m.) for the manufacturing sector [illegible]

3.8. The most [illegible] in that programme was however the decision by the government to actively participate in pioneer industries to ensure the achievement of its priorities for industrial development.[1]

3.9. The current development plan (1972-76)[2], went even further in terms of defining not only the role of the private sector but also Government's control of and participation in industries. Moreover, for the first time, industrial opportunities for co-operatives were identified.

3.10. The Plan has projected an average annual rate of growth for the manufacturing sector of 11.8. Total fixed investment for the sector over the plan period has been estimated at G$187mn.

3.11. Over the period 1960 to 1972, the manufacturing sector did not achieve either the output targets or the projected levels of investment. During the period 1960-1964, the annual growth rate of the sector was only 3% (1960 constant prices).

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[1] Cf. Guyana Development Programme 1966-72, p. XV - 5.

[2] Government of the Co-operative Republic of Guyana, Draft Second Development Plan, 1972-1976, Ministry of Economic Development.

TABLE 2.2: LIST OF INDUSTRIAL INVESTMENT OPPORTUNITIES 1966-72

I. Food and Beverages

Project	Investment
Instant Coffee	$ 500,000
Fruit canning North West (citrus and pineapple)	200,000
Milk condensary (imported & local milk)	3,500,000
Pork products & meat	250,000
Poultry packing	100,000
Livestock feed	300,000
Rice Bran Oil	1,000,000
Fish processing	500,000
Shrimp freezing	500,000
Pickles, sauces, jams	100,000
Wheat flour mill	1,800,000
Confectionery	250,000
Miscellaneous vegetable processing	250,000
	$9,250,000

II. Textile and Footwear

Knitted garments	$ 500,000
Clothing	500,000
Towels	100,000
Fibre bag plant	2,250,000
Fishing nets	100,000
Tannery	150,000
Footwear plants	2,000,000
Miscellaneous textiles plants (dyeing, printing, socks, ties, raincoats, etc.)	1,500,000
	$ 7,100,000

III. Non-Metallic Minerals Manufacture

Project	Investment
Cement plant	$ 5,000,000
Clay bricks, building blocks and tiles	500,000
Sanitary ware	500,000
Glass containers	1,500,000
Ceramic products	400,000
Bicycle tyres and tubes	600,000
Paper products	500,000
	$9,000,000

IV. Metallic manufacture

Bicycle assembly	$ 500,000
Radio assembly	100,000
Builders hardware	500,000
Aluminium and galvanised sheets	150,000
Metal cans	250,000
Metal kerosene stoves	150,000
Iron beds	250,000
Electric fans	50,000
Metal drums	200,000
Personal metal goods (zip fasteners, etc.)	50,000
Agricultural hand tools	150,000
Miscellaneous metal fabricates	500,000
	2,850,000

V. Plastic products

Miscellaneous Plastic Products (e.g. tooth brushes and combs, etc.)	$ 250,000

VI. Wood Products excluding furniture

Veneers and Plywood	1,750,000
Timber (e.g. wood in preparation and saw-milling)	1,000,000
Parquet flooring	75,000
Wooden Toys	50,000
Wood Pulp	20,000,000
	$22,875,000

VII. Petroleum products

Oil Refinery	$10,000,000

VIII. Unclassified

Miscellaneous Industries	1,000,000

SUMMARY

Food and Beverages	9,250,000
Textiles and footwear	7,100,000
Non-Metallic	9,000,000
Metallic	2,850,000
Plastic products	250,000
Wood Products	22,875,000
Oil Refinery	10,000,000
Miscellaneous Industries	1,000,000
	$62,325,000

Source: British Guiana (Guyana) Development Programme, 1966-72, Government Printery, Georgetown, Guyana, 1966, pp. xv - 11. to xv - 13.

The real output in money terms of the processing industries decreased slightly during this period.[1] Between 1963-1967, the annual rate of growth of the sector, at current factor cost, was 4.1 and between 1964 and 1967, [illegible]. Allowing for price inflation, growth rates in real terms increased marginally over the periods 1960/64 and 1964/67. Table 3.3. gives the percentage rates of growth of physical output of some major manufactured goods.

TABLE 3.3: PERCENTAGE RATES OF GROWTH OF PRODUCTION OF SELECTED MANUFACTURED GOODS

COMMODITY	UNIT	OUTPUT IN 1970	AVERAGE ANNUAL RATE 1964-70	PERCENTAGE GROWTH RATE PER ANNUM		
				1968	1969	1970
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Beer	'000 gals	1433	+ 9.8	- 15.6	+23.6	- 6.2
Stout	'000 "	31	- 6.4	- 6.9	+ 3.2	+93.8
Rum	'000 "	3363	+ 1.6	- 3.8	- 2.3	+ 5.0
Margarine	'000 lbs	1975	+ 1.7	+ 5.7	-13.9	-12.0
Edible Oil	'000 gals	895	+ 0.3	+ 0.1	-22.1	+28.0
Cigarettes	'000 lbs	909	+ 2.3	+ 3.9	+ 0.6	+ 5.3
Matches	'000 gross boxes	213	+ 0.9	-	+10.7	+21.0
Soap	'000 lbs	4585	+ 1.3	+ 10.8	+ 1.0	+ 3.3
Stock Feed	'000 "	48063	+17.0	+ 2.2	+18.5	+18.5
Clothing	'000 doz	315	n.a.	n.a	+13.9	+24.0
Electricity Production	mn.kwh.	322	+11.1	+ 11.3	+ 9.4	+10.3

Source: Statistical Bureau, Georgetown, Guyana.

[1] Cf. Guyana Development Programme, 1966-72, p. XV - 1.

3.12. Between 1952 and 1956, investment in the manufacturing sector totalled G$13.6m[1], of which sugar, rice and power accounted for about 75%. The level of investment in the sector increased to about G$31.1m between 1960 and 1964; investment in sugar alone accounted for 64.6% of this total. For the period 1966-71, the total investment in the sector was G$10[illegible].2m; sugar and rice together accounted for about 60%[2].

3.13. These trends therefore show that in spite of the increase in capital formation over the period as a whole, sugar, rice and power together contributed to the bulk of this increase in investment, and the investment levels for the "other manufacturing" industries fell far below the targets which were set. With respect to the investment targets of the 1966-72 programme, it has been estimated that in 1969 only twelve of the fifty listed projects (See Table 3.4) had been completed at a total investment of about G$10.0mn.[3] By 1971, an additional seven of the listed projects were implemented at an investment of about G$3.0mn.

3.14. The 1972-76 plan has also listed industrial projects, some of which were identified in previous plans but were not implemented (See Table 3.4).

1/ O'Loughlin, C., op. cit., p. 54.

2/ Statistical Bureau Records.

3/ Cf. Augustin, A.D., Trade Flows and Trade Policies in the Independent Commonwealth Caribbean Countries, U.N. Economic Commission for Latin America, Caribbean Office, Port-of-Spain, Trinidad, 1969, p. 121.

TABLE 3.4: LIST OF SOME INDUSTRIAL INVESTMENT OPPORTUNITIES, 1972-1976

INDUSTRIES	YEAR OF INVESTMENT	AMOUNT OF INVESTMENT (G$MN.)	TYPE OF OWNERSHIP
1. FOOD PROCESSING:			
Fish Processing and Canning	1972-75	2.0	Public, Co-operative and Private.
Milk Condensary	1973-74	1.5	Public and Private (Joint)
Fruit and Vegetable Processing	1972-76	5.0	Public, Co-operative and Private.
Solvent Extraction (Edible and Industrial Oils)	1974	1.5	Public
2. CLOTHING MANUFACTURE:			
Textile Plant (Spinning, Weaving and Finishing)	1973-74	10.0	Public
Hosiery	1973-74	0.4	Co-operative and Private
Raincoats	1972-75	0.1	Co-operatives
Wooden and Bone Buttons	1973-75	0.2	Co-operatives and Private
Hats and Handbags	1972-76	0.5	Co-operatives and Private
Leather Tannery and Leather Wear Products	1972-75	0.5	Co-operatives and Private
3. BUILDING MATERIALS MANUFACTURE:			
Clay Bricks and Blocks	1972-74	7.5	Public, Co-operative and Private.

INDUSTRIES	YEAR OF INVESTMENT	AMOUNT OF INVESTMENT (G$MN.)	TYPE OF OWNERSHIP
Bolts, Nuts and Washers	1973	0.1	Private
Glass	1974-75	5.0	Public
Sanitary Ware (Ceramic)	1975-76	6.0	Public and Private (Joint)
Wall and Floor Tiles (ceramic)	1975-76	3.0	Public and Private (Joint)
Paints, Lacquers and Varnishes	1972-76	0.3	Private
Aluminium and Wooden Windows	1972-73	0.2	Private
Emery Grain	1975	0.4	Private
Sanitary Fittings	1975	0.1	Private
Hinges and Tower Bolts	1974	0.1	Private
Cement	1974-75	6.0	Public and Private (Joint)
4. **CONSUMER DURABLES:**			
Refrigerators Assembly)	1973	0.7	Private
Radios (Assembly)	1973	0.2	Private
Aluminium and Stainless Steel Utensils	1973	0.3	Private
Table Porcelain	1975	1.2	Public and Private (Joint)
Diamond Cutting and Polishing	1974	0.1	Private
Wooden and Metal Furniture	1972-76	0.4	Co-operative and Private
Electric Fans (Assembly)	1974	0.1	Private
Pottery Products	1972-76	0.5	Co-operative and Private.

INDUSTRY	YEAR OF INVESTMENT	AMOUNT OF INVESTMENT ($G M.)	TYPE OF OWNERSHIP
[illegible]	[illegible]	[illegible]	Private
[illegible]	[illegible]	[illegible]	Co-operatives and Private
Handicraft and Games	[illegible]	1.0	Co-operatives and Private
Bicycles (Assembly)	[illegible]	0.1	Private
5. CAPITAL GOODS:			
Metal and Other Containers	1973-74	4.0	Co-operatives and Private
Agricultural Implements	1974-76	0.2	Private
Automobile Components	1975-76	0.5	Private
6. MISCELLANEOUS MANUFACTURE:			
Safety Pins, Clips and Fasteners	1973-75	0.4	Co-operatives and Private
Towels and Household Linens	1972-75	0.5	Co-operatives and Private
Wooden Toys	1972-76	0.8	Co-operatives and Private
Greeting Cards	1973-74	0.2	Co-operatives and Privates
TOTAL		62.1	

Source: Government of the Co-operative Republic of Guyana, Draft Second Development Plan, 1972-76, Ministry of Economic Development, Georgetown, Guyana, pp. 267-269.

3.15. Between 1960 and 1972, the development plans, in identifying the priorities for industrial development, used three main criteria:

(i) the utilisation of local raw materials;

(ii) the creation of employment opportunities; and

(iii) the establishment of import-substitution industries most of which were based on imported raw materials and/or intermediate goods.

Those industries which were established in the 1960s and 1970s did follow the priorities as outlined in the development plans, even though the performance of the private sector in grasping the investment opportunities was far below the targets set. The absence of any concrete investment priorities in the 1950s meant that industries grew up on a laissez-faire basis. In some cases, particularly with respect to aerated and alcoholic beverages, the private sector, on whose initiative the implementation of the investment programme mainly rested, did establish enterprises which were not identified in the development plans.

3.16. One of the weaknesses of development planning in the country has been the lack of institutional machinery to evaluate the the national costs and benefits of major new industrial projects. Such evaluation, on a national basis, was certainly not undertaken in the 1950s. In the 1960s and 1970s, the Central Planning Unit, the Ministry of Trade and the Guyana Development Corporation did evaluate major projects, particularly those which sought industrial concessions.

3.17. Enterprises desirous of such incentives applied to the Ministry of Finance during the 1950s and early 1960s. With the establishment of the Guyana Development Corporation in the mid - 1960s, evaluation of proposed new investment was done mainly by this institution. Such evaluation was however mainly with respect to the economic feasibility of the proposed investment, eventhough other factors: the need for protection, the granting of fiscal incentives, foreign-exchange savings, export earnings, employment absorption, costs and prices, and conformity with the government's industrial priorities, were taken into account.

3.18. On the assumption that the Corporation had found a project commercially viable, the Ministry of Trade then looked at the need for protection and the Ministry of Finance considered the requirement for fiscal incentives. The Central Planning Unit was concerned mainly with the overall implications of the project in terms of the national industrial priorities and the employment and economic goals and objectives. These complicated procedures have recently (in 1973) been stream-lined with the appointment of an Industrial Incentives Committee (comprised of representatives from the Ministries of Finance, Economic Development and the Guyana State Corporation).[1/] The Ministry of Trade is still responsible for assessing the need for protection, either by tariff or quantitative restrictions.

[1/] The Guyana Development Corporation is now under the control of the Guyana State Corporation (Guystac).

B. IMPLEMENTATION OF INDUSTRIAL PROJECTS

3.19. It was not until 1970 that a clear policy of ownership and control among the various sectors (public, co-operative and private) was adumbrated. This policy was further defined and outlined in the 1972-76 development plan.

3.20. Between 1950-1960, the development programmes did identify a few industrial projects (a pilot fruit canning plant, milk processing plant, sawmilling and electric power) to be undertaken by the public sector. The 1960-1964 programme did not identify specific public sector projects, eventhough a Report[1/] on the programme did mention that, on the basis of the reports of the Industrial Advisory Committee, the Government's provision for industrial investment should not have exceeded G$1.6m.

3.21. The right which the government reserved (as stated in the 1966-72 development programme) to establish and/or participate in industry, meant that during this period the public sector broadened its industrial base in the economy. Moreover, during the 1970s, government's policy on foreign investment took a clearly defined position which was documented in the current plan. Furthermore, for the first time, the form of ownership was stated in this plan (See Table 3.4.)

3.22. Accordingly, the government's policy on ownership and control has been given as follows:-

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1/ Berrill, K., op. cit., p. 40.

" (i) The State will own and control all public utilities. However, although it is desirable for social reasons to pursue as a long term policy public monopoly of the basic transport systems, private ownership of the smaller transport services, e.g. taxis, launches and small aircraft will be permitted.

(ii) Where the natural resources of the Nation are to be exploited in partnership with non-nationals, the State reserves the right to seek majority ownership and control or to share that control with co-operatives, or to permit co-operatives alone to be the major partner. This principle, as a general rule, does not apply to agricultural development. It must be emphasized that the State and/or co-operatives may seek majority participation only if the investor is a national of a foreign country. Subject to (v) below, Guyanese nationals may exploit our natural resources without recourse to partnership. Moreover, where the activity is confined to the mere processing of an indigenous raw material, as opposed to its exploitation, Guyanese nationals and non-nationals may be permitted to own the industry either solely or in the case of non- nationals in majority partnership with any Guyanese.

(iii) Until regional consensus is reached on equating the treatment of citizens of Commonwealth Caribbean countries with Guyanese nationals, Commonwealth Caribbean citizens will be classified as non-Guyanese, but will be afforded special consideration over other non-Guyanese.

(iv) It is not the State's policy to insist on participation in industries which are neither resource based nor vital to the economy.

(v) Resource based industries with high capital investments and of significant size (to be determined by the State) will be subject to majority participation by Government and/or co-operatives".[1]

3.23. In recent years, the major effects of government's industrial policies as stated above have been:-

(i) the nationalisation of the major foreign-owned bauxite company in 1971, and the recent announcement by the Government of its intention to commence negotiations with the other foreign-owned bauxite company towards ownership control;

(ii) the Government's complete take-over of a major foreign-owned timber manufacturing company in 1972;

(iii) the establishment by Government of large public industrial enterprises in the rice, shrimp and food processing industries;

and (iv) Government's active encouragement, by way of financial, managerial and protective assistance, to co-operative enterprises, including those in the manufacturing sector.

3.24. During the 1950s and 1960s, the limited industrial thrust in the manufacturing sector came mainly from the initiative of the local private sector. Foreign investment however played a greater role in the extractive industries (bauxite, manganese and timber), where capital

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[1] Government of the Co-operative Republic of Guyana, Draft Second Development Plan, 1972-1976, pp. 88 and 89.

investment was much higher than that in the manufacturing sector. Moreover, it was on the initiative of foreign investors that manufacturing enterprises producing pharmaceuticals, cigarettes, stock-feeds, wheat flour, footwear, paints and industrial and domestic gases were established. The initial fixed investments in these enterprises were generally higher than those of local investors in other manufacturing enterprises. Consequently, the scale of operations of the foreign-owned enterprises has generally been larger than that of the locally owned ones.

3.25. In spite of the initiative taken by the government in the 1950s and 1960s in establishing manufacturing plants for milk-processing, food processing and timber, nevertheless such investment was rather small. It was not until the late 1960s that government's initiative, in the form of actual participation in industries, took a more positive and substantial role.

C. PROMOTING EXPORTS OF MANUFACTURED GOODS

3.26. It was pointed out earlier that most of the manufacturing industries were concerned mainly with satisfying the domestic market. In several cases, manufacturing enterprises did not even take into account export markets, even within the sub-regional preferential area, and hence their plant capacities were not geared for the production of goods for both domestic consumption and exports. The low level of exports of manufactured goods in the 1950s and 1960s was no doubt also due to the lack of any governmental machinery and measures to promote such sales.

3.27. With the formation of the Caribbean Free Trade Area (CARIFTA) in 1969, joint private/public trade missions visited the other member territories towards the promotion of exports. The government, through its overseas diplomatic missions has assisted in promoting exports not only to the CARIFTA countries but also to countries beyond the Caribbean. Government's assistance to manufacturers, mainly in the form of subsidized transportation of exhibits, has encouraged their participation in trade fairs both within the region (e.g. Grenada and Surinam) and beyond(the Canadian Exposition of 1970).

3.28. These measures by the Goverhment have assisted in promoting the exports of manufactured goods. However, there are no special fiscal incentives, in terms of income-tax rebates on the sales of export-oriented industries, eventhough the recently concluded Harmonisation of Fiscal Incentives to industries Agreement under the CARIFTA/CARICOM Agreements provides for such measures.

3.29. The establishment in 1973 of an Export Promotion Council which, among other things, will make awards to companies for export sales, is intended to encourage manufacturers to export more of their products. Similarly, the coming into existence a month ago of a Timber Export Board is intended to serve the very objective with respect to the timber industry.

D. PROMOTING EMPLOYMENT

3.30. Over the past thirteen years, governmental policies on employment have always stressed the need for labour-intensive industries. This emphasis is of particular importance in a country with a relative abundance of labour resources and a high level of unemployment. However, the relative costs of utilising labour and capital have not been fully studied on a national basis, eventhough some industrial enterprises, particularly the larger ones, have taken such relative cost factors into consideration. In some of the major industries, particularly rice, there has been a movement toward the use of more capital and less labour without any detailed study of the relative cost benefits.

3.31. The capital/labour ratio varies among industries and firms. Eventhough the national average is about 15,000:1, nevertheless for some firms it is as low as 7,000:1, and for others as high as 50,000:1. No special measures for the promotion of employment in manufacturing enterprises have been taken, eventhough the current plan envisages the granting of employment incentives so as to assist in the achievement of the government's overall employment targets.[1]

E. <u>LOCATION OF INDUSTRIES IN NEW CENTRES AND RURAL AREAS</u>

3.32. In the 1950s and up to the mid - 1960s, as a result of the existence of better infra-structural facilities (roads, electricity, pure water supplies and telecommunications), commercial services, and available manpower skills in the capital city, industrial development was centred around Georgetown.

3.33. With the extension of these facilities and services, mainly within the coastal area, some manufacturing enterprises have been established in rural areas, particularly since the mid - 1960s. Moreover, the government's policies of constructing industrial estates in rural

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[1] <u>Draft Second Development Plan, 1972-1976</u>, p. 265.

areas, directing new manufacturing enterprises to these areas, and establishing manufacturing plants in areas away from Georgetown have assisted in the decentralization of industries.

3.34. For the first time in the country's development planning history, the Government, in its current plan, specified the regional location of some major manufacturing industries (See Table 3.5). The government's policy on the location of industries provides for a "selective system of incentives" so as to encourage the establishment of industries in the new "development" regions.

3.35. These incentives include those granted under the Industries Aid and Encouragement Ordinance, and cover income tax holidays, duty-free entry of machinery, equipment, appliances and raw materials and accelerated depreciation allowances. The transportation of labour, machinery and raw materials for such regional industries on government-owned transportation services is to be subsidized.

F. DEVELOPMENT OF MANUFACTURING TECHNOLOGY

3.36. The transfer of technology from the developed countries has been a slow and expensive process. Hardly any steps have been taken by the government in speading up the pace of such transfer which in most cases has been mainly between parent companies in the metropoles and their local subsidiaries. The rather negligible use of the "turn-key" approach to the establishment of factories has meant also that little impact has been made on the process of industrialisation by way of the transfer of foreign up-to-date technology.

TABLE 3.5: REGIONAL LOCATION OF SOME MANUFACTURING INDUSTRIES, 1972-1976

REGIONS	INDUSTRIES
North West and Waini	Stock-feeds; Fruit and Vegetable Canning, Processing and Bottling; Edible and Industrial Oils; Soap and Cosmetics; Clay Bricks and Blocks.
Pomeroon, Essequibo Coast and Islands	Fish processing; Fruit and Vegetable Canning, Processing and Bottling; Fibre products; Clay Bricks and Blocks; Fishing Nets; Garments; Handicraft, Ornaments and Bicycles.
East Essequibo-West Demerara	Fruit and Vegetable Canning, Processing and Bottling; Clay Blocks and Bricks; Garments; Handicraft and Ornaments; Hats and Handbags; Towels and Household Linens.
East Coast Demerara-West Coast Berbice	Fruit and Vegetable Canning, Processing and Bottling; Garments; Clay Bricks and Blocks; Pottery Products; Hats and Handbags; Umbrellas; Radio Assembly; Milk Condensary and Cannery; Leather Factory; Textile Mill.
East Berbice (including New Amsterdam)	Fishing Nets; Confectioneries; Agricultural Implements, Refrigerator Assembly; Electrical Accessories; Electric Fans; Fish Processing; Fruit and Vegetable Canning, Processing and Bottling; Furniture; Paints, Lacquers and Varnishes; Clay Bricks and Blocks.
Lower Demerara River (excluding Linden)	Fruit and Vegetable Canning; Processing and Bottling; Clay Bricks and Blocks; Glass Factory.
Soesdyke/Linden	Ceramics (Sanitary wares and tiles and Table Porcelain); Food Processing, Canning and Bottling; Timber Complex; Emery Grain.

REGIONS	INDUSTRIES
Central Mazaruni Region and Aliki/Makouria/ Kurupukari	Fish Processing; Fruit and Vegetable Canning, Processing and Bottling; Furniture; Wooden handles and louvres; Wooden Toys; Wooden Buttons; Jewellery.
Intermediate Savannahs, North and South Rupununi, and New River	Fruit and Vegetable Canning, Processing and Bottling; Bone Products (Handles, Buttons, Ornaments, etc.); Stock Feeds; Leather Factory; Leather products (Handbags, Slippers and Sandals, Belts, etc.)
East Bank Demerara	Fish Processing; Clay Bricks and Blocks; Wooden and Cardboard Containers; Fruit and Vegetable Canning, Processing and Bottling; Bolts, Nuts and Washers; Aluminium and Stainless Steel Utensils; Pottery Products; Aluminium Hinges and Tower Bolts; Cement; Leather Tannery.
Georgetown and Environs	Paints, Lacquers and Varnishes; Wooden and Metal Furniture; Aluminium Windows; Automobile Components; Greeting Cards; Safety Pins and Clips.

Source: Government of the Co-operative Republic of Guyana, Draft Second Development Plan, 1972-1976, pp. 260-261.

3.37. In several cases, the royalties and patent fees paid by local companies, [illegible] those which are not subsidiaries of foreign companies, have been so high that they constitute an appreciable cost factor which has made the prices of the local product exorbitantly expensive. Moreover, out-dated technology which is very often supplied to local firms has contributed to higher unit costs of production because of inefficient plant operations.

3.38. In assessing applications for industrial concessions and protection, the government therefore takes into account - when and where necessary - the efficiency of the foreign technology and the cost of the transfer of such technology. Furthermore, the government's measure of price control of some of the finished manufactured products has made the local enterprises seek the cheapest forms of utilising foreign technology.

3.39. The operations of small foundries and limited research and development by some of the major manufacturing enterprises have, during the 1960s, promoted on a small scale the national capability of improving product design and adapting foreign technology to local conditions. However, in recent years, the establishment of a Department of Technology at the University of Guyana, the setting up of a National Scientific and Research Council and increased research at the government technical institutes and private research centres, are measures intended to improve the country's technological capabilities.

G. TRAINING OF LOCAL LABOUR AND MANAGEMENT

3.40. Earlier (Chapter 1 - F. HUMAN SKILLS), the steps taken in this field by both the government and private enterprises were dealt with. Training by private industrial enterprises, mainly the "large" ones, was mainly in their own self-interest and was intended to ensure a high level of efficiency. Eventhough there was a certain amount of inter-industry crossings of professional and skilled manpower among firms which undertook training and those which did not have any training schemes, nevertheless it was not until recently that some of the "large" enterprises admitted to their training institutes persons who were not on their establishments.

3.41. Where training facilities were not available locally, particularly at the professional level and in the technological and management fields, Guyanese were sent abroad by both the government and private enterprises.

3.42. The training institutes which were established by the government and the private sector were concerned mainly with improving the skills of sub-professionals. More recently, some courses offered by the University of Guyana have broadened the base of professional training locally. The Government's training programme has been heavily subsidized.

CHAPTER IV - INDUSTRIAL POLICIES AND MEASURES, 1950-1972

4.1. The laissez-faire approach to industrial development during the 1950s meant that the government did not take any positive steps to promote industrial development either by way of tariff or quantitative restrictions.

4.2. Over the period under review, the system of tariffs has been used mainly as a source of government revenue. The existing high tariffs, particularly on luxury and "non-essential" imports and on some imports with a low price elasticity of demand, (e.g., motor-cars and alcoholic beverages) have developed as sources of revenue and not as instruments of protection for local industries.

4.3. Since the introduction of a deliberate policy of protection in the 1960s, the government has placed more emphasis on the use of quantitative restrictions rather than on tariffs. This approach is due mainly to the fact that in spite of higher prices of import-competing goods, the consumer has shown the tendency to purchase more of the imported goods than the similarly produced domestic commodity. This tendency has therefore affected the expansion of sales of locally produced articles on the domestic market. As has been pointed out in the current development plan:

> "Production and consumption have been even more disoriented by imported attitudes."[1]

[1] Draft Second Development Plan 1972-1976, p. 3.

4.4. Consequently, in tackling this psychological problem to industrial development, the government has clearly stated that besides fiscal measures (e.g., hire purchase regulations which discriminate in favour of locally produced articles), it will continue to use quantitative restrictions as a means of promoting industrial development.[1]

4.5. Since most of the industries protected by these measures are still in their "infancy" and, in several cases, cannot compete with imports of a similar nature, the government has not stated a cut-off point for such protection. However, the operations of the enterprises are periodically reviewed by the government (the Ministry of Trade and Guystac) towards checking their efficiencies and capabilities.

4.6. In 1966, the country's import tariff system was rationalised, so that the different rates could be methodically inter-related. Up to then, there were about 50 different <u>ad valorem</u> rate categories of duty ranging from 2½% to 75% under the preferential tariff and from 5% to 86% under the general tariff. Preferential and general <u>ad valorem</u> rates were respectively categorised as follows: 2½% and 5%; 3% and 8%; 5% and 10%; 10% and 15%; 15% and 25%; 20% and 40%; 30% and 50%; 40% and 60%; 50% and 70%; 60% and 80%; and 90%.

4.7. This new tariff structure meant that the margins of preference were given some uniformity, but graduated in range from 2½% at the bottom to 20% at the top.[2] The recent introduction of a Common External Tariff

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[1] Cf. <u>Draft Second Development Plan, 1972-1976</u>, p. 96.

[2] Cf. <u>Budget Speech 1966</u>, Government Printery, Georgetown, Guyana, p. 13.

among the CARICOM countries has led to a [illegible]cturing of the country's tariffs. The CET incorporates some element of protection since the agreed tariffs have been based on those previously existing in the other CARICOM countries which, in their initial stages of industrialization, placed greater emphasis on the use of tariffs as a measure of protection.[1]

4.8. Since 1951, when two basic ordinances: Industries Aid and Encouragement Ordinance, 1951, and Income Tax (In Aid of Industries) Ordinance, 1951, were passed, import duties and income tax concessions have been granted to certain defined industrial operations.

4.9. Under the Industries Aid and Encouragement Ordinance, 1951, duty free concessions may be granted on the imports of machinery, equipment, appliances, raw materials and building materials for use in and construction of factories. Even in those cases where such duty free concessions have not been granted, the tariffs are nevertheless very low, ranging from about 3% *ad valorem* (preferential) to about 10% (general).

4.10. Because of the almost non-existence of capital goods industries, these concessions have not had any disadvantageous direct effects. As to their indirect effects by way of discouraging the establishment of such industries locally, it is difficult to

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[1] Cf. Augustin, A.L., op. cit., pp. 96, 102 and 111.

judge these fully, since the basic factor endowments for the manufacture of some of these items (particularly heavy machinery and equipment) either do not exist in commercial quantities or have not been explored and exploited. However, since the government reserved the right to withdraw such tariff concessions - particularly with the establishment locally of an enterprise manufacturing similar items - then one could conclude that the development of such industries locally has not been discouraged by duty free concessions.

4.11. These concessions are granted only to "pioneer" industries which fall under two categories:[1]

(i) Category A which includes those industries which exploit and develop the country's resources and which require heavy capital expenditure on infra-structural works, e.g. roads. The industries envisaged under this category are, for example, kaolin, ceramics, glass, aluminium, paper and paper pulp and wooden veneers, ply board and particle board.

(ii) Category B which covers those industries which would develop the "secondary" manufacturing sector through the utilisation of both domestic and imported raw materials and which also promote technological development, foreign exchange savings and regional development throughout the country.

These criteria have evolved in recent years as part of the government's deliberate policy of effecting both "back-ward" and "forward" linkages,

[1] Cf. The Guyana State Corporation (Guystac), Incentive Benefits available in Guyana for the Promotion of Industries, Georgetown, Guyana, October, 1972.

increasing the local value-added of domestically produced products and spreading the location of industries, particularly nearer to the sources of raw materials.

4.12. An interesting feature of the evolution of duty free concessions was the decision taken by the government in 1965[1] to extend the concessions, granted to certain industries under the Industries Aid and Encourage Ordinance, to imports from all sources. Prior to this extension, duty-free concessions were granted only with respect to those relevant goods which were imported from "preferential" sources (mainly the United Kingdom). The increased importation of capital goods from non-preferential (general) sources - mainly the United States of America and Japan - no doubt prompted the government, on the eve of political independence, to make this significant change.

4.13. The significances of this change were mainly twofold: political and economic. In the first instance, it terminated the preference which was enjoyed mainly by the United Kingdom as a result of the original provisions of the Ordinance, passed during the period of colonial rule. Economically, the change allowed those local enterprises, desirous of the concessions, to import the items concerned at cheaper costs from non-preferential sources, particularly where domestic prices of such imports were higher (solely as a result of the general tariff) than those of the United Kingdom.

[1] Cf. Budget Speech 1965, Government Printery, Georgetown, Guyana, p. 20.

4.14. Tax concessions to industrial enterprises date back to 1951 with the coming into operation of the provisions of the Income Tax (In Aid of Industries) Ordinance. Eventhough several of the initial concessions are still granted, nevertheless there have been some major changes since the mid - 1960s.

4.15. Under the initial provisions of the Ordinance, the following tax concessions were available to enterprises of a developmental and risk-bearing nature (but excluding gold or diamond mining companies):

(i) Tax exemption for a period of five years, with the tax holiday commencing from the date of commercial production.

(ii) Tax-free profits distributed as dividends to share-holders for a period of seven years, i.e., during the tax holiday and two years thereafter.

(iii) Capital depreciation of plant and machinery at the rate of 40% of the original capital value and of 10% for industrial buildings. In addition, annual capital allowances could be granted. Depreciation was deemed to have commenced in the first year after the end of the tax holiday.

(iv) Carry-forward of losses made during the tax holiday period without a time limit.

(v) Special allowances on all capital expenditure incurred after 1st January 1949, on buildings, machinery and plant, scientific research, housing for workers and the purchase of patent rights.

4.16. In 196[illegible], the five year tax holiday was extended by a further period of up to five years, provided the Government was satisfied that the benefits received under the initial five-year period had not been adequate in the particular circumstances[1].

4.17. With the categorisation of industries, incentive benefits to industries are now granted on a discriminatory basis as follows:[2]

<u>Category A.</u>

(i) A maximum tax holiday of 10 years, commencing from commercial production.

(ii) Initial Allowances (Accelerated Depreciation) at the rate of 40% of original expenditure on machinery and equipment, and 10% for industrial buildings.

(iii) Carry-forward of losses incurred during the tax-holiday period, until they are completely recouped.

<u>Category B.</u>

(i) Income tax holiday from one to five years, commencing from commercial production.

(ii) Initial Allowances and Carry-forward of losses on the same basis and principles as in Category A.

In addition to these concessions, those enterprises enjoying tax holidays

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[1] Cf. <u>Budget Speech 1967</u>, Government Printery, Georgetown, Guyana, pp. 25-26.

[2] Cf. The Guyana State Corporation (Guystac), op. cit.

after 1st January 1965, could be exempted from property tax. Companies building houses for workers and in accordance with specifications laid down by the Ministry of Housing and Reconstruction are also entitled to special incentives.

4.18. The variation in the tax holiday period (from one to five years) for industries falling under Category B (most of which are within the Manufacturing sector), provided the flexibility for the government to grant incentives only up to the period when they were needed. Consequently, companies whose operations became highly profitable within the five year period were unable to enjoy such a position until the tax holiday expired, without being taxed.

4.19. These incentives encouraged the establishment of industries over the past twenty years. Local manufacturing enterprises have however found themselves at a competitive disadvantage vis-a-vis their Commonwealth Caribbean counterparts which generally enjoyed greater concessions. With the recently concluded Harmonisation of Fiscal Incentives to Industries Agreement among the CARICOM countries, such investment incentives will be rationalised among the countries concerned.

4.20. Eventhough no Foreign Investment Law has ever been enacted, nevertheless measures were introduced by the government to encourage the inflow of foreign investment. In the 1950s and up to 1961, foreign investment concessions were quite liberal and generally did not promote the retention of profits in the country for national development.

During that period, company profits were taxed at the rate of 45%.[1] The tax was however deductible from dividends paid to shareholders who received income tax credits for such deductible amounts.[2] Some foreign companies enjoyed further relief from local taxation as a result of double taxation agreements.[3] Moreover, the free movement of capital to countries (mainly to the U.K.) within the Sterling Area and the ready availability of exchange-control approval for non-sterling area investors, permitted the remittance of capital proceeds.

4.21. In 1961, the government introduced stringent exchange control regulations which, inter alia, restricted transactions within the Sterling Area. Such regulations were however amended in 1965,[4] to allow for the free movement of capital within the Sterling Area.

4.22. Eventhough transactions within the Sterling Area have once again been brought under exchange control regulations, nevertheless, there is no restriction on the repatriation of capital of any foreign investment. However, the repatriation of dividends of foreign companies is controlled by a with holding tax. The levels of the tax are as follows:

- Twenty-five per cent (25%) on a distribution made by a company to a resident or non-resident company.
- Twenty-seven per cent (27%) on gross dividends not exceeding G$8,000.

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[1] Besides paying income tax of 20%, "commercial" and "non-commercial" companies now have to pay company tax at the rates 35% and 25% respectively.

[2] Development Programme, 1960-1964, Sessional Paper No. 5/1959, p. 5.

[3] The Double Taxation Agreements with the U.K. and Canada were terminated by the Government in the late 1960s. Consequently, existing agreements are now only with CARICOM member territories.

[4] Cf. Budget Speech [illegible], Government Printery, Georgetown, Guyana, p. 24.

- Thirty-five per cent (35%) on gross dividends exceeding G$8,000 where the person to whom or on whose behalf the payment is made is an individual not resident in Guyana-1/

4.23. There is no bi-lateral investment guarantee with any country. However, American investments are usually guaranteed by a scheme which is operated by the United Agency for International Development.

4.24. In spite of these incentives and measures, the inflow of foreign capital has fluctuated over the period 1950 to 1970. Between 1954 and 1965, gross capital formation averaged about twenty-four per cent (24%) of G.D.P. Net capital formation during the same period averaged about eighteen per cent (18%) of G.D.P. Over fifty per cent (50%) of the capital funds came from abroad during that period. Direct investment by foreign firms accounted for twenty-four per cent (24%) of net capital formation; loans and grants from foreign governments contributed twenty-seven per cent.2/

4.25. Investments in the bauxite and sugar industries have accounted for the bulk of the foreign investments in the country; such investments showed an annual average of over seventy-five per cent (75%) of total foreign investment between 1968 and 1971 (See Table 4.2) As a result of such heavy investments by these two industries, direct foreign investment as a proportion of total direct private investment has, throughout the period, tended to be larger than its local counterpart. Table 4.1 shows the distribution of local and foreign private investment for the period 1966 to 1970.

1/Cf. Guystac, op. cit., p. 10.

2/British Guiana (Guyana) Development Programme, 1966-1972, p. 1-6.

[illegible]

([illegible])

Year	[illegible]	[illegible]	[illegible]	A	TOTAL
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	65.7	
[illegible]	[illegible]	[illegible]	[illegible]	73.3	

Source: (i) Economic Survey, [illegible] Statistical Bureau, Georgetown, Guyana.
(ii) Bank of Guyana estimate.

4.26. An interesting feature of private foreign investment brought out in the current development plan is that:

"Among [illegible] smaller foreign concerns operating in Guyana, depreciation allowances were not used for contributing to expansion or diversification in the domestic economy but were instead repatriated abroad."[1]

4.27. In terms of the development objective of diversifying the economy, one could conclude that the incentives to foreign investors and the measures taken by the government did not go a very far way. The steps taken by the government in recent years to grant incentives on a

[1] Draft Second Development Plan, 1972-1976, p. 43.

selective basis and to control the outflow of profits of foreign enterprises, no doubt are intended to channel the flow of foreign investment into priority industries and to ensure that foreign enterprises, by way of diversification, contribute towards the overall development of the economy.

TABLE 4.2: FINANCING OF GROSS DOMESTIC INVESTMENT BY FOREIGN FIRMS

1968 - 1971

	1968	1969	1970	1971
Bauxite	14	26	21	5
Sugar	10	10	8	7
Private House Building	2	4	6	4
"Other" Foreign Private	4	2	2	3
TOTAL	30	42	37	19
FINANCED by Bauxite and Sugar depreciation and drawings from Sugar Funds	18	21	21	16
Depreciation of "Other" Foreign Private Firms	4	5	7	7
Net Capital Inflow of All Foreign Private Firms	8	17	9	- 4
TOTAL	30	42	37	19
Net Capital Inflow of "Other" Foreign Private Firms	-	-3	-5	-4

Source: Draft Second Development Plan, 1972-1976, p. 43.

CHAPTER V - INSTITUTIONS AND INDUSTRIALIZATION, 1950-1972

5.1. We have seen in previous chapters, the various institutions which have been set up by both the public and private sectors to assist in the promotion of the country's industrialization. It is therefore left in this chapter to look at the broad roles of these institutions in the formation of the industrial strategies and their implementation.

5.2. In the 1950s, the Ministry of Finance was the government ministry which was mainly responsible for the formulation of industrial strategies. The fact that this ministry assumed this overall responsibility was due to several reasons. The most fundamental reason was that during that period, industrial development strategy, with its *laissez-faire* approach, sought mainly to encourage private investment. Such encouragement was therefore done through the granting of fiscal incentives and tariff protection. Since the implications[1/] of extending such concessions to industries fell under the portfolio of the Ministry, it was therefore concerned with the appraisal of those projects which sought incentives. There was no concerted and deliberate effort during that period at overall planning of industrial development. Hardly any attempt was made at encouraging "backward" and "forward" linkages of the industrial process and at stimulating the greater utilisation of domestic raw materials.

5.3. In the 1960s, a more deliberate attempt at overall planning of industrial development was assumed, with the establishment of a

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1/ Government revenue considerations seemed to be more of an overriding factor than broad development objectives during that period.

Central [illegible] Office [illegible] the Premier [illegible] Ministry of Economic Development); [illegible] Development Corporation also under the Ministry [illegible] the greater involvement of the Ministry o[illegible] Industry [illegible] formulating and evaluating the need for tariff protection and quantitative restrictions.

5.4. The implementation of most of the industrial projects in the public sector come under the direct control of some government ministries, public corporations and public commercial enterprises. However, the policies of the two latter institutions and their financial accountability are controlled by appropriate government ministries.

5.5. The manufacture, in the public sector, of such products as ham, bacon, canned and processed fruit and vegetable, and processed milk, is carried on by the government-owned Guyana Marketing Corporation. Eventhough the overall policy directives of the Corporation emanates from the Ministry of National Development and Agriculture, nevertheless, its management policies are guided by a board which is under the Guyana State Corporation (GUYSTAC). The Corporation (G.M.C.), whenever necessary, receives government subventions (from the Ministry of National Development and Agriculture)to help finance its operations.

5.6. The Ministry of National Development and Agriculture, through its Special Projects Unit, is also responsible for the implementation of industrial projects, particularly those of an agro-industrial nature.

5.7. In the field of rice processing and marketing, the Guyana Rice Corporation made [illegible] investments in large-scale rice mills (mainly at Mahaicony and at Anna Regina) and rice silos throughout the rice-belt. The overall policies of the Corporation are governed by the Ministry of National Development and Agriculture, eventhough its financial accountability is to the Ministry of Finance which is responsible for "on-lending" loans and loan-guarantees for financing the Corporation's operations. The Corporation also falls under the Guyana State Corporation for its management operations.

5.8. With the nationalisation of the foreign-owned Demerara Bauxite Company (DEMBA) in 1971, the government-owned Guyana Bauxite Company (GUYBAU) became a public commercial enterprise. Eventhough the Company has full autonomy in running its operations, nevertheless its overall policy objectives are under the Ministry of Energy and Natural Resources.

5.9. In 1972, the Guyana Timbers Co. Ltd. was established as a public commercial enterprise, following the take-over by the Government of the company which was previously foreign-owned. The Company's overall policies are under the control of the Ministry of Energy and Natural Resources. The Guyana State Corporation exercises management control of the Company.

5.10. The Guyana Marine Co. Ltd., is another public commercial enterprise in the fishery sector. The Company was recently established (in 1972), and so its capital expenditure is financed by government subventions from the Ministry of Economic Development. The Company's overall policies are governed by the Ministry of National Development and Agriculture and its management comes under the control of the Guyana State Corporation.

5.11. The Guyana Printers Co. Ltd., a public commercial enterprise, is the largest company in the country's printing industry. Government subventions for capital expenditure is provided through the Ministry of Economic Development. The Company's policies and management are under the control of Guystac.

5.12. The government-owned Guyana Electricity Corporation which generates over ninety per cent (90%) of the country's electric power, is controlled mainly by Guystac, eventhough it is financially accountable to the Ministry of Finance.

5.13. In spite of the general control of these public enterprises by the Guyana State Corporation and the relevant government ministries, nevertheless their performances are subject to their own internal planning and evaluation within the framework of the government's overall policies.

5.14. With the establishment of the Guyana Development Corporation in 1964, the centralisation of investment incentives in the Ministry of Finance was broken. The Corporation assumed responsibilities for not only evaluating applications for concessions but also in monitoring the progress of enterprises which had been granted such incentives. The responsibilities for implementing investment incentives became even more decentralised as a result of the role of the Ministry of Trade in both assessing the need for tariff and quantitative protection and, in cases where these were granted, in reviewing the extent of their impact on government's industrial objectives.

5.15. This institutional diversity was mainly an internal governmental arrangement which sought to involve the ministries concerned in looking at specialised issues. The Guyana Development Corporation has however been the focal institution through which potential investors deal. It is interesting to note that with respect to its policy of "state majority participation" in industries, the government has placed the responsibility of ensuring effective implementation of its policy in the hands of Guystac. Accordingly, Guystac will:

(i) Identify and appraise projects and rank them in an order of priority;

(ii) Raise the finance for such projects;

(iii) Provide efficient management services to the enterprises concerned;

(iv) Advise the Cabinet on the particular financing mechanism for each project.[1]

5.16. During the 1950s and 1960s, besides the private foreign-owned commercial banks, a few specialised government institutions were established to provide finance for industries. The first such institution to be established was the Guyana Credit Corporation.[2]

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[1] Cf. Draft Second Development Plan, 1972-1976, pp. 89 - 90.
[2] See Chapter 1 (pp. 29 - 30) above.

the 195[illegible] and up to the mid-19[illegible] the Development Committees advised the Corporation on "the character and credit-worthiness of applicants for loans, on the degree of priority which should be accorded to applicants for [illegible] soundness [illegible] schemes."[1] In spite of these [illegible] financial objectives, nevertheless the Corporation's contribution to industrial development has been marginal, mainly because of its over-concern with the credit-worthiness of applicants for loans rather than devoting its attention to the more fundamental problems of weak management and the almost complete lack of proper project preparation by applicants. The Corporation did not even possess the type of staff needed to carry out such functions. With the establishment of the Guyana Development Corporation, more thoroughly considered projects were submitted to the Corporation for financing. Moreover, the G.D.C. also exercised a certain amount of credit supervision of projects financed by the Credit Corporation.

5.17. The establishment of the Private Investment Fund in 1967 was a major step taken by the government in financing industrial development.[2] Applications for drawings on the Funds were not only assessed by the G.D.C., but the Corporation, in its study of industrial projects, went even further in identifying potential entrepreneurs for feasible projects and recommending their applications for drawings on the Fund.

1/ Development Programme, 1960-1964, op. cit., p. 31.

2/ See Chapter 1. (pp. 30 - 31) above.

[illegible] of the government-owned commercial bank, the Guyana National Co-operative Bank[1], revolutionised decades of previous banking practices by the foreign owned commercial banks, particularly with regard to industrial development of co-operatives and small-scale enterprises. The national commercial bank has not confined its operations to traditional banking but has also gone as far as assisting in the identification and promotion of new enterprises.

5.19. We have already seen[2] the steps which were taken by both the government and the private sector in establishing specialised training institutions to improve the supply and quality of skilled labour for industry. The government institutions are the Technical Institutes at Georgetown and New Amsterdam, the Guyana Industrial Training College in Georgetown, the Vocational Training Centre at Anna Regina and the Department of Technology at the University of Guyana. Specialised training is also given at the state-owned Guyana Bauxite Company and the Transport and Harbours Department. Management training by the government has been mainly promoted by the Guyana Development Corporation and will be intensified at the University of Guyana and the Kuru Kuru Co-operative Training College.

1/ See Chapter 1. (p. 32) above.

2/ See Chapter 1. (pp. 22 - 24) above.

5.20. The government agency, the External Trade Bureau, and the recently established National Export Council are intended to promote the export of manufactured goods. The Timber Export Board is concerned with promoting exports of timber.

5.21. Quality and standard tests of some manufactured goods are now mainly undertaken by the Government Analyst Department and the Technology Department of the University of Guyana. The government has however taken a decision to establish a Bureau of Standards which would exercise greater control of the quality and standard of manufactured products and offer advice to local manufacturers on the adaptation of product design and manufacturing processes to local conditions.

5.22 The Guyana Development Corporation has, over the past decade, supplied local manufacturers with some data on the selection of suitable machinery, equipment and product design.

5.23 With the establishment of the Guyana State Corporation in 1971, the Government, in the light of its policies for industrialisation, has entrusted to this agency the overall responsibility for effectively promoting its objectives (in the public, co-operatives and private sectors). In spite of the activities of other institutions concerned with industrial development, Guystac and the Ministry of Economic Development provide the co-ordination machinery for national industrial development.

TABLE 1: SOME MAJOR NEW MANUFACTURING ENTERPRISRS ESTABLISHE[illegible] BETWEEN 1950-[illegible]

NAME OF ENTERPRISE	YEAR ESTABLISHED	PRODUCTS PRODUCED	INITIAL FIXED CAPITAL INVESTED (G$Mn.)	VALUE OF ANNUAL SALES, 1970 (G$Mn.)	APPROX. VALUE OF IMPORTED INPUTS, 1970 (G$Mn.)	PROT[illegible]
1. BANKS DIH LTD.	N.A. 1957 N.A. N.A.	SOFT DRINKS BEER STOUT RUM		5.0 6.5 0.1 5.5	[illegible]	PROHIBIT[illegible] IMPORTS do. do. RESTRICTED (Only Imports from CARIFTA and CARI[illegible] allowed)
2. NATIONAL MILLING CO.	1969	WHEAT FLOUR	2.9	9.[illegible]	6.7	IMP[illegible] RESTRICTED ([illegible] 20% of Annual Domestic [illegible]sumpt[illegible] is Imported)
3. GUYANA STOCKFEEDS LTD.	1961	STOCKFEEDS	1.2	5.4	3.7	PROHIBIT[illegible] IMP[illegible]
4. DEMERARA TOBACCO CO.	1960	CIGARETTES	1.5	9.0	6.8	TARIFFS: (i) [illegible] per lb. [illegible] cigarettes imported fr[illegible] England and made of [illegible] tobacco. (ii) [illegible] per lb. for cigarettes import[illegible] from England but made from non-[illegible] [illegible] per lb. f[illegible] [illegible] [illegible]

[illegible]	YEAR ESTABLISHED	PRODUCTS PRODUCED	INITIAL FIXED CAPITAL INVESTED (G$Mn.)	VALUE OF ANNUAL SALES, 1970 (G$Mn.)	APPROX. VALUE OF IMPORTED INPUTS, 1970 (G$Mn.)	PROTECT[illegible]
5. [illegible] LTD.	1970	CANVAS and RUBBER FOOTWEAR	0.7	0.6	0.[illegible]	Tariff: 11% ad valorem (Gen.); 6% valorem [illegible] pref.
[illegible]	1947	PHARMACEUTICALS	0.8	2.9		Tariff: 45% ad valorem [illegible] ferenti[illegible] Imports rest[illegible] Govt. trading ag[illegible] Trade [illegible]
7. [illegible] LTD.	1966	BLENDED WHISKY	0.8	0.4	[illegible]	TARIFF: G$55.04 [illegible] and G$52.50 (Pref.) per liq.
		RUM		2.3		RESTRIC[illegible]: only imports fr[illegible] CARIFTA/CARICOM allowed.
		BLENDED BRANDY		0.3		TARIFF: G$51.60 (Gen.) and G$50.00 (Pref.) per liq. gl.
		BLENDED VODKA		0.3		Imports prohibited.
		BLENDED GIN		0.3		Imports prohibited.
		BLENDED LIQUERS		0.05		
8. [illegible] LTD.	1954	CRUSHED STONES	0.7	1.3	0.1	Imports prohibited.
9. CONTINENTAL BISCUIT FACTORY	1957	BISCUITS	0.6	1.7	0.8	Imports prohibited, except from CARIFTA and CARICOM.
10. BERGER PAINTS LTD.	1964	PAINTS, LACQUERS and ENAMELS	0.5	1.[illegible]	0.7	Imports prohibited, except from CARIFTA and CARICOM.
11. GUYANA MATCH CO. LTD.		MATCHES	0.5 (new investment in 1969)	0.5	[illegible].2	do.

NAME OF ENTERPRISE	YEAR ESTABLISHED	PRODUCTS PRODUCED	INITIAL FIXED CAPITAL INVESTED (G$Mn.)	VALUE OF ANNUAL SALES, 1970 (G$Mn.)	APPROX. VALUE OF IMPORTED INPUTS, 1970 (G$Mn.)	[illegible]
12. TOOLSIE PERSAUD LTD.	1954	SAW-MILLING	0.4	1.3	0.3	Tariff: 36% ad val[illegible] (Gen.) and 20% ad valor[illegible] (Pref.)
13. GUYANA CANNING AND PACKING CO. LTD.	1965	FRUIT JUICES, JAM, and MARMALADE	0.5	0.3	0.06	Imports prohibited, except from [illegible] and CARICOM.
14. STERLING PRODUCTS LTD.	1956	MARGARINE	0.2	1.1	1.1	Imports prohib[illegible], except from [illegible] and CARICOM.
		LARD		0.2		
		GHEE		0.1		
	1957	LAUNDRY SOAP		0.3		
15. CONFECTIONERY GUYANA LTD.	1960	CONFECTIONERIES	0.2	0.3	0.1	Imports prohib[illegible], except from [illegible] and CA[illegible].
16. CONTINENTIAL INDUSTRIES LTD.	1968	PAPER BAGS	0.2	0.5	0.4	Imports prohibited, except [illegible] and CARICOM.
		CURRY POWDER		0.04		
17. DEMERARA OXYGEN CO.	1948	OXYGEN	0.2	0.3	0.1	Imports restrict[illegible] through the Government import [illegible].
		ACETYLENE		0.03		TARIFF: 43% ad valorem (Gen[illegible])
	1961	CO_2	0.2	0.1		23% ad valorem [illegible]
18. MODERN INDUSTRIES LTD.	1964	WOODEN and METAL FURNITURE	0.2	0.9	[illegible].7	Imports prohib[illegible], except from CA[illegible] and CARICOM.
19. LYSON'S DYE KNIT LTD.	1968	DYED and FINISHED FABRICS	0.2	1.3	1.3	Tariff: 2[illegible]% ad valorem (Gen. [illegible] ad valorem (Pref.)
20. ROMA MANUFACTURING CO. LTD.	1965	MOSQUITO DESTROYERS	0.1	0.6	0.3	Imports pr[illegible], [illegible] from [illegible] and C[illegible]

[illegible] ENTERPRISE	YEAR ESTABLISHED	PRODUCTS PRODUCED	INITIAL FIXED CAPITAL INVESTED (G$Mn.)	VALUE OF ANNUAL SALES, 1970 (G$Mn.)	APPROX. VALUE OF IMPORTED INPUTS, 1970 (G$Mn.)	PROTECTION PROVIDED
[illegible] OIL MILL	1948	DEODORIZED EDIBLE OIL, COPRA MEAL and SOAP STOCK	0.1	1.0	0.2	Imports prohibited, except from CARIFTA and CARICOM.
WINDSOR SHIRT FACTORY	1968	SHIRTS	0.1	0.8 (in 1972)	0.5	Imports prohibited, except from CARIFTA and CARICOM.
[illegible] INDUSTRIES [illegible]	1964	CHAIN-LINK FENCING and ACCUMULATORS (Batteries)	0.05	0.4	0.3	Imports of chain-link fencing prohibited, except from CARIFTA and CARICOM. Imports of types of batteries manufactured locally are prohibited, except from CARIFTA and CARICOM.
NABFY and SONS	1970	WIRE NAILS	0.05	0.1	0.5	Importation of sizes of nails manufactured locally is prohibited, except from CARIFTA and CARICOM.
CYRIL'S ICE CREAM CONES.	1962	ICE CREAM CONES	0.03	0.03	0.03	Imports prohibited, except from CARIFTA and CARICOM.

TABLE 2: COMPOSITION OF GROSS DOMESTIC PRODUCT AT CURRENT FACTOR COST

G$mn/%

	1950	%	1960	%	1970	%	1972	%	AVERAGE ANNUAL GROWTH RATES 1950-60	1960-70	1970-72
AGRICULTURE 1/	32.9	24.4	68.8	26.2	90.1	19.3	103.6	19.9	7.7	[illegible]	7.2
MINING & QUARRYING	12.9	9.6	29.1	11.1	95.5	20.4	96.6	18.6	9.8	12.5	0.6
MANUFACTURING:	21.8	16.2	27.2	10.4	57.0	12.2	64.2	12.4	2.2	7.7	6.1
of which											
Sugar Processing	(N.A.)		(11.1)		(15.0)		(19.9)		(N.A.)	(3.1)	[illegible]
Rice Processing	(N.A.)		(2.2)		(3.9)		(2.4)		(N.A.)	[illegible]	[illegible]
OTHER	(N.A.)		(13.9)		(38.1)		(41.9)		(N.A.)	[illegible]	[illegible]
OTHER SECTORS	67.4	49.9	137.3	52.3	224.8	48.1	255.2	49.1	7.5	5.0	[illegible]
TOTAL G.D.P.	135.0	100.0*	262.4	100.0	467.4	100.0	519.6	100.0	6.9	[illegible]	[illegible]
G.D.P. (U.S.$mn.) 2/.....	67.5		131.2		233.7		259.8		6.9	[illegible]	[illegible]
POPULATION ('000)	428		582		733 3/		762 3/		3.1	2.3	[illegible]
G.D.P. per capita (US$)	157.7		225.4		318.8		340.9		3.6	[illegible]	[illegible]

Sources: (i) D'Andrade, W.P. and Percival, D.A., National Economic Accounts of Br. Guiana [illegible]
(ii) Statistical Bureau, Annual Statistical Abstract, 1970, and Work Sheets, [illegible]

1/ Including Forestry and Fishing.

2/ U.S.$1.00 = G$2.00

3/ Provisional Estimates.

* Difference due to rounding.

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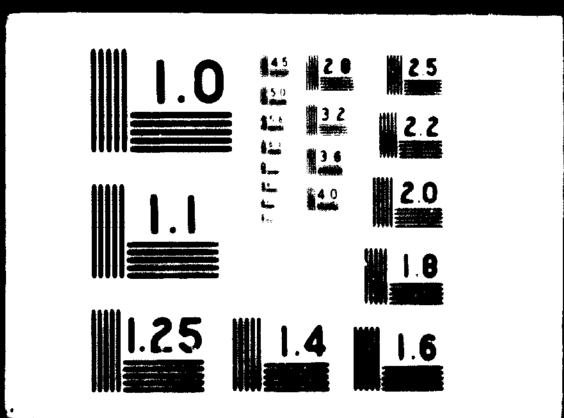

ANNEX A.

TABLE 3: BALANCE OF INTERNATIONAL TRADE

G$ m.

	1950	1960	[illegible]	1972
DOMESTIC EXPORTS (f.o.b)	50.9	125.1	[illegible]	[illegible]
IMPORTS (c.i.f.)	56.1	147.6	[illegible]	[illegible]
TRADE BALANCE	- 5.2	-22.5	- 6.6	[illegible]
DOMESTIC EXPORTS (f.o.b.) of MANUFACTURED GOODS 1/	N.A.	5.2	6.5	[illegible]
IMPORTS (c.i.f.) of MANUFACTURED GOODS 1/	N.A.	47.9	[illegible]	[illegible]

1/ S.I.T.C. Item Nos. 6 and 8.

Sources: Statistical Bureau, Annual Statistical Abstract, [illegible], and Statistical Records.

ANNEX [illegible]

TABLE 4: NUMBER OF PERSONS ACTIVELY EMPLOYED IN THE ECONOMY

('000)

	1946	1960	1970	1972
AGRICULTURE	67.4	59.8	[illegible]	[illegible]
MINING & QUARRYING	4.1	6.1	7.0	7.1
MANUFACTURING	23.2	26.3	24.0	[illegible]
OTHER SECTORS	51.5	68.1	78.8	[illegible]
TOTAL ECONOMY	146.2	161.2	162.2	[illegible]

Sources: Population Censuses for 1946, 1960 and 1970 (sample estimate).
1972 - Statistical Bureau's Estimates.

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